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Senators View Bretton Woods

Taft Holds Plan "an Automatic Handout of American Money." Millikin of Colorado and Murdock of Utah Want Silver Provision.

The Senate Banking and Currency Committee on June 12 began hearings on the Bretton Woods bill, recently passed, with amendments, by the House of Representatives. Both at the hearings before the committee and in interviews with the "Chronicle" representative, opinions have been expressed regarding the measure through Senator Wagner, who is Chairman of the Senate Banking and Currency Committee and who sponsored the introduction in the Senate, would make no comment.

Eugene D. Millikin

In a statement to "The Chronicle" concerning the bill, Senator Eugene D. Millikin (R.) of Colorado, a member of the Senate Banking and Currency Committee, said:

"The Bretton Woods Fund assumes you can achieve relative stability of currencies in the

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Index of Regular Features on page 2636.

The New York Stock Exchange—World's Greatest Auction Market

By WILLIAM T. CHILDS*

Member of Stein Bros. & Boyce, Baltimore

Mr. Childs, After Tracing the History of the New York Stock Exchange, Points Out the Value of Its Functions in Promoting Economic Progress. Calls Attention to Fact That the Exchange Is More Thoroughly Supervised and Regulated in the Interest of the Public Than Any Other Institution. Says Stock Exchange Does Not Encourage Gambling or Speculation, but That Speculation Is An Essential Element in Progress, Since Without the Willingness and Incentive to Take Risks, There Would Be No Progress. Says Unfair Practices Are Strictly Prohibited.

I remained at home one Saturday morning to sketch an address on the merits of the New York Stock Exchange. My telephone bell rang, as it always does when one tries to get away from the humdrum of details. After apologizing for the intrusion, my friend, a preacher, asked me to make an address at his church on Layman's Day, on the general subject of layman co-operation with the ministry. You see, preachers have a nice way of putting you on the spot. If you get up in the pulpit and say what you think a layman should do in church activity, you will be expected to be as good a practitioner as preacher. I told my preacher friend that I was sketching something on the merits of the

William T. Childs

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*An address by Mr. Childs before the Lions Club of Baltimore, May 22, 1945.

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Compulsory Peacetime Military Training

The Arguments for Compulsory Military Training, viz: (1) the Need for a Large Trained Soldiery and (2) the Health Benefit of Military Training Are Both Refuted. Physical and Mental Defects of Youth Are Largely Congenital and Camp Training Will Not Be More Remedial Than That Afforded by Family, Religious, Educational and Other Existing Institutions and Will Not Offset the Mischievous Effects of Enforced Camp Discipline and Obnoxious Regimentation. Military Necessity Appears Less Urgent Than Formerly, Since the Aggressor Nations Are to be Disarmed, So Peacetime Military Conscription Would Simply Mean Arming for Conflict With Our Allies. Best Protection Is Promotion of Science and Invention, and Not by Arousing the Suspicions of the Rest of the World.

Two lines of argument are being employed in support of peacetime compulsory military training. One posits dire need of a large trained soldiery always under arms or in reserve. The other is concerned chiefly with alleged benefits that youth would derive from a period of compulsory national training and service. It is this plea which for many "takes the curse off" an otherwise unacceptable program. The "Chronicle" finds itself in disagreement with both. It believes that neither will stand calm analysis. It is strongly of the opinion that the present law, with such modifications as may appear desirable, should be merely

(Continued on page 2628)

San Francisco Conference Completing Its Agenda

By A. WILFRED MAY

Special Correspondent of the Commercial and Financial Chronicle

Battles Between Big and Little Powers Continue. Big Five Win Strong Veto Weapon. Senate Action on Trade Agreements Upsetting Economic Council's Charter. Plans for Post-Conference Cooperation Progressing.

SAN FRANCISCO, June 13—Now that the smoke has cleared from the Battle of the Veto, "The Little 45" Powers are making a last stand for respectability on the line of the right to amend the Charter. The bitter veto pill which the delegates are about to swallow, and which they will soon be asking their governments to stomach, could be greatly sweetened if the corresponding veto right were removed from the subsequent amending process. The Big Powers are seeking to freeze their present preferred position by making amending difficult, through both the Veto and the timing of constituent Assemblies held for the purpose.

A. Wilfred May

Continuing the large and growing rift between the big and small powers, the Big Five will remain adamant in retaining their right of veto-amendment, the threatened alternative being withdrawal and break-up of the Conference. . . . **In great measure for the purpose of making the entire Charter and their own position, more palatable**

(Continued on page 2630)

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Opinions of House Committee Members Regarding Boren Bill Exempting Municipals From SEC Control

Expressions Made Available to "Chronicle" by Various Members of Committee on Interstate and Foreign Commerce Reveal Divergent Views Regarding Measure. Current Proposal Differs Markedly From Original Boren Bill in Limiting Scope Solely to Transactions in State and Municipal Bonds. Full Text of Revised Bill Presented.

WASHINGTON, D. C.—June 13.—Contention of the Securities and Exchange Commission that its regulatory powers extended to dealings in State and municipal bonds, a point that was particularly stressed when the Commission discussed the proposed promulgation of a "bid and asked disclosure" rule, prompted Repr. Lyle Boren of Oklahoma, to sponsor legislation which would establish beyond doubt the immunity of this phase of the investment industry from such control.

Lyle H. Boren

An amended bill designed to accomplish this objective was introduced in the House of Representatives by Mr. Boren on May 4 last, and is now before the Committee on Interstate and Foreign Commerce. This proposal differs markedly from the earlier measure sponsored by Mr. Boren in that its application is limited exclusively to dealings in municipal bonds, whereas its predecessor was interpreted by a majority of Committee members as drastically curbing the controls now exercised by the SEC over all types of securities.

In order to ascertain the views of members of the Committee with respect to the bill, text of which is given in this issue, the "Chronicle's" representative in Washington has requested a state-

(Continued on page 2629)

Friedman, Kermisch To Be Sutro Partners

Harold Friedman and Jacques Kermisch will become partners in Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Mr. Kermisch has been with the firm for some time. Mr. Friedman was in the past with Eisele & King.

The Fallacy of Taxes On Capital Gains

By EMIL SCHRAM*

President of the New York Stock Exchange

Mr. Schram Reviews the History of Capital Gains Taxation to Prove That It Provides Little Revenue, While Retarding Business Activity. Expresses Opposition to Change in Present Law and Points Out That Additional Taxes on Capital Gains Will Tend to Increase Rather Than Decrease Prices of Capital Goods. Urges That Remedies Against Inflation Be Applied to Causes and Not Symptoms, and That No Legislative Action Be Taken to Impede the Flow of Investment Capital. Holds Real Estate and Stock Values Have Not Advanced Unduly and That Farm Values Increased in a Lower Ratio Than Farm Income. Objects to Aliens Residing Here on Visas Being Exempted From Capital Gains Tax and Holds Uncontrolled Speculation May Be Engendered Thereby.

Foremost in the minds of all of us these days is the deep and abiding satisfaction which springs from our overwhelming victory in Europe and the further progress of our armed forces toward the final accomplishment of their grim task in the Pacific. We are also witnessing, hopefully if somewhat nervously, a determined effort on the part of the civilized nations to construct the foundations of peace, upon which must rest the security of mankind with the end of war. I think that a framework for world peace will be forged despite the difficulties.

Emil Schram

Back of the day-to-day headlines there is emerging one of those great changes in the temper of our people which is only discernible in retrospect. We all recall that in the decade prior to 1942, industrial enterprise in this country endeavored to progress in the face of two severe handicaps. The mounting tension abroad had resulted in a dislocation of normal international trade and had led to complete international chaos and the outbreak of war in all quarters of the world. At home we had witnessed a broad reform movement which, regardless of its political merits or demerits, was deeply disturbing, if not bewildering, to industrial and financial leadership. It is a fair appraisal to say that these forces had a great deal to do with the stifling of initiative and appeared to present almost insuperable obstacles to new ventures.

In about 1942 it also became apparent that the combined military strength and productive capacity of the United Nations would ultimately bring order out of chaos and it was upon this premise that confidence in ultimate victory and the re-establishment of peaceful international relations was built. We saw in 1942 significant trends in both houses of Congress. That body began again to assert its independence and to resume its tra-

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*An address by Mr. Schram before the Bond Club of Philadelphia, Philadelphia, Pa., June 6, 1945.

(Continued on page 2633)

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NASD Activities Discussed

Chairman Phillips of the Association Tells Members of New York District, Organization Should Enlarge Its Operations Beyond Field of Self-Regulation. Defends Questionnaires as Means of Obtaining Information Regarding Membership.

Ralph E. Phillips

At a meeting in the Great Hall of the Chamber of Commerce in New York City on June 8, Ralph E. Phillips of Dean Witter & Co., Los Angeles, Chairman of the Board of Governors of the National Association of Securities Dealers traced the conditions which led to the creation of the organization under the Maloney Amendment to the Securities and Exchange Act of 1934. The body was created for the ostensible purpose of permitting "self-regulation" to dealers in over-the-counter securities. He upheld "the police function" of the Association as essential, but urged that the activities be broadened and that the aim should be to give securities dealers the dignity of a "high professional standing." He reviewed the activities of the Association in promoting standardized practices. He stated that the Board of Governors have under consideration a publicity program, but was handicapped in its efforts because of the lack of statistical data on the capital market. Members of the Association could help by getting in touch with Congressmen and in this way bring about changes in the SEC regulations which are hampering the capital markets.

"The NASD had assumed a re-

(Continued on page 2620)

SEC Denies NASD Right to Enforce Price Maintenance Contracts

Holds Violation of Agreements Do Not Violate "Just and Equitable Principles of Trade." Fines Levied Against Seventy Members for Violating Syndicate Price Provisions on Public Service of Indiana Issue Set Aside. Question of Violation of Anti-Trust Law Left Unsettled.

The Securities and Exchange Commission on June 12 rendered its long awaited decision in the strongly contested case against the disciplinary measures taken by the National Association of Securities Dealers against 70 members, who, as participants in the Public Service of Indiana Bonds Syndicate of 1939 and 1940, violated the price-maintenance provision clause of the contract. The NASD has contended that under the Maloney Amendment to the SEC Acts, the association was given the right to discipline members, who had violated "just and equitable principles of trade" and as price-maintenance during the continuation of a syndicate agreement was the common practice, it was within its powers to levy the fines for departure from the practice. By a majority opinion of three to one the Commission held that whatever may be the general meaning of the term "just and equitable principles of trade, it is clear that as used in the NASD rules, the term cannot be interpreted or applied so as to add 'impediments to * * * a free and open market,' or to 'fix minimum profits,' or to impose 'any schedule of prices' or 'any schedule * * * of commissions, allowances, discounts, or other charges'."

The Commission added further, "We cannot accept the NASD's argument that the rule does not

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The Economics of A Bull Market

By WILFORD J. EITEMAN*

Assistant Professor of Economics, Duke University

Economist Holds That the Two Purposes of Regulating Stock Market Activity, Viz: (1) Keeping Prices in Line With Economic Reality, and (2) Minimizing Price Fluctuations, Are Ineffective When Ample Credit Is Available for Dealings. Though Asserting That Regulatory Authorities Should Be Concerned With the Source of Stock Market Funds, He Contends, Nevertheless, That Restrictions on Margin Buying Will Not Prevent a Bull Market When Corporations Earnings Are Rising and When Investors and Speculators Do Not Entertain Doubts of the Soundness of an Existing Price Level.

I

W. J. Eiteman

Regulation of stock market activity is usually defended on one of two grounds. Regulation, say some, prevents security prices from getting out of line with economic reality. This position imposes upon regulators a duty of deciding what the proper level of prices is under existing circumstances, and it places responsibility for deviations from that "proper" level squarely and inescapably upon the regulators. On the basis of the expressions of alarm over the recent rapid advance of share prices, it is apparent that those charged with the administration of Regulation T hold to this concept. If regulatory authorities are to be considered responsible for preventing prices from becoming "too high," then logically they should accept responsibility when prices become "too low."

An alternative objective of stock market regulation aims at minimizing the repercussionary effect of stock market fluctuations upon legitimate business ac-

(Continued on page 2622)

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*Professor Eiteman is an analyst of stock market activity and is joint author with Charles A. Dice of "The Stock Market," published by McGraw-Hill Book Co.

When Will Japan Surrender?

Roger W. Babson's Forecast On Germany Was Correct

Roger W. Babson

BABSON PARK, Mass.—May I start by calling attention to the definite statements made in my Annual Forecast of Dec. 28, 1944, in which I said:

"The greater part of Germany's army will collapse before the planting season opens in the spring of 1945.

"Japan will not hold out so long as most people think. Japan will collapse within six or twelve months after Germany collapses.

"If Stalin's health continues, he will be the world's most powerful man in 1945 and may dictate the peace terms, especially for the Pacific."

Looking at the Record

I am especially proud of the above forecast in view of the conditions under which it was written. Readers will remember that last Summer the public was very hopeful and looked for the collapse of Germany at any time; but I said that there would be no collapse in 1944. Then the Germans started their famous bulge in the middle of December and Washington was very much disturbed. In fact, a study of newspaper clippings will show that I was almost the only columnist who was optimistic at the close of last year. But I knew the German temperament.

I have been in Japan since Ger-

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Gov't Must Not Dominate World Trade and Investment: Morgenthau

Treasury Secretary, in Statement to Senate Banking Committee, Urged Bretton Woods as a Barrier to Unfair Trade and Currency Practices. Says U. S. Will Suffer Most From Currency Warfare.

Sec. Morgenthau

Secretary of the Treasury Henry Morgenthau Jr. on June 12 told the Senate Committee on Banking and Currency, having under consideration Bretton Woods Agreements, that the program set up by the delegates of 44 nations was essentially the plan prepared by his department as early as 1941. He urged the adoption of the plan as a means of promoting international trade and freeing it from government dominations and restrictions throughout the world.

"When I appeared before the House Committee on Banking and Currency to discuss this legislation," Mr. Morgenthau stated, "I told the committee that in my opinion 'the Bretton Woods Agreements are good for every American citizen' and that 'the program we are advocating is definitely good business for the United States.'

"In that statement," he continued, "I discussed the importance of Bretton Woods to world trade. Before the war we were the largest exporting nation in the world. We needed exports to maintain jobs, to absorb part of the output of American factories

(Continued on page 2632)

Treasury Extends Cuba Gold Agreement

WASHINGTON, June 13—Secretary Morgenthau and Charge d'Affaires of Cuba Dr. Jose T. Baron today extended for four years beyond June 30 the agreement under which the United States Government undertakes to sell gold to the Government of the Republic of Cuba. The agreement provides that payment may be made within 120 days after delivery of the gold, provided that the unpaid-for amount of gold shall not at any time exceed $5,000,000.

The agreement extended today will enable the Cuban Treasury to carry out operations designed to stabilize the peso-dollar exchange rate.

The agreement has been in operation since July, 1942, and has proved to be very effective, Mr. Morgenthau states.

Mercer Hicks Resumes Investment Business

Mercer Hicks has resumed the business in general unlisted securities which he previously conducted in New York City as President of Mercer Hicks & Co., Inc., with offices at 120 Broadway. Mr. Hicks has recently been serving as a captain in the armed forces. In the past he was President of Mercer Hicks & Co., Inc., and was a partner in Hicks & Byrd.

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NSTA Notes

CLEVELAND SECURITY TRADERS ASSOCIATION

The Cleveland Security Traders Association will hold their annual summer meeting at the Manakiki Country Club on Friday, Aug. 24, 1945.

Calendar of Coming Events

June 15, 16, & 17, 1945—Security Traders Association of Los Angeles annual spring party at the North Shore Tavern, Lake Arrowhead.

June 19, 1945—Securities Traders Association of Detroit and Michigan annual summer outing at Western Golf and Country Club.

June 22, 1945—Investment Traders Association of Philadelphia Spring Outing at Manufacturers Country Club.

June 23, 1945—Bond Traders Club of Chicago annual outing at Lincolnshire Country Club.

August 24, 1945—Cleveland Security Traders Association annual summer meeting at Manakiki Country Club.

August 28, 29 & 30, 1945—National Security Traders Association, Inc. annual business meeting and election of officers.

Nu-Enamel Votes Extra Dividend

Nu-Enamel Corporation has declared an extra dividend of 20 cents on common stock, payable July 10 to stockholders of record June 25.

Rosenbaum Adds Davidson

Wm. M. Rosenbaum & Co., 285 Madison Avenue, New York City, members New York Stock Exchange, announce that Maxwell Davidson, Jr., is now associated with them as a registered representative.

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June 11, 1945

In the Public Interest

By HENRY HAZEN

U. S. Supreme Court Defines Section 24A of Public Utility Holding Company Act. Holds Minority Stockholder Is "Person Aggrieved" Under the Statute. SEC Order Approving Refinancing of Loan Made to Subsidiary by Electric Bond and Share Company, Is Opposed. Stockholder Taken to Supreme Court by Commission.

The Supreme Court of the United States granted certiorari in a petition entitled "Securities and Exchange Commission, petitioner again Samuel Okin."

The issue involved concerned the application of Section 24-a of the Public Utility Holding Company Act, and more particularly the scope of the phrase, "person or party aggrieved" as contained in that statute.

The refinancing of a $35,000,000,000 loan which the Electric Bond & Share Company made to a subsidiary, became the subject of a proceeding before the Securities & Exchange Commission.

Okin, a minority stockholder of the common shares of Electric Bond & Share, participated in this proceeding, and opposed a proposition which both companies submitted for a method of refinancing this loan.

The Commission made an order approving the proposal and Okin thereupon petitioned the lower court to review this order.

On a motion to dismiss Okin's petition, the Commission contended that he was not a person or party aggrieved within the meaning of Section 24-a of the Public Utility Holding Company Act.

This motion having been denied the matter then went to the United States Supreme Court.

As a stockholder, Okin had attacked the transaction made by his company with its subsidiary, on the ground that it was both illegal and fraudulent.

In affirming the decision of the court below, the United States Supreme Court held that he was a person aggrieved under the statute, and inasmuch as he charged illegality and fraud that any application for redress to the Board of Directors would have been futile. It further said "under the Commission's own view therefore the Circuit Court of Appeals was right in denying a dismissal of the proceedings for lack of standing on the part of Okin to initiate it."

The court further pointed out that as originally drawn the Public Utility Holding Company Act provided that a person who was *a party* had the right to obtain a review of an order of the Commission; however, this provision was subsequently altered so as to provide that such relief could be obtained "by a person or party aggrieved."

Since this decision has come down, considerable stress has been placed upon its importance.

The Securities and Exchange Commission makes it a practice in entering its orders, to stress the public interest.

We have from time to time called attention to the fact that the statute under which it was created required the Commission to protect the public interest, and that stressing it in particular orders is surplusage and something of a defense mechanism.

At any rate, it is difficult to understand how the public interest was served by compelling a stockholder to go all the way to the United States Supreme Court with the incident large expense and time involved, in view of the plain provision of the statute.

We can readily visualize many cases where members of the public who are adversely affected by an order of the Commission would find such an expense prohibitive.

Here is still another instance of the SEC fighting with a member of the very public which the statute creating it directed the Commission to serve.

Instances such as this bring into prominent relief a need which we have consistently advocated, the need of circumscribing the powers of the Commission.

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Hannegan Repeats Change of Dem. Party's Attitude to Business

Says There'll Be No More "Strong Medicine" as After 1932, and That Government Will Limit Interference With Business. Predicts President Truman Will Look for Advice From Business Men and for Participation in Government to Extent Consistent With National Interest Such as Was Case Under President Roosevelt's War Administration. Looks for Revision of Taxes and a Fiscal Policy Based on the Maintenance of Mass Purchasing Power and the Reward of Risk With Profits.

Robert E. Hannegan

Robert E. Hannegan, Chairman of the National Democratic Committee and lately appointed Postmaster General, in a Jefferson Day Dinner address at Raleigh, N. C. on June 2, again referred to a changed attitude of the Democratic Party with reference to regulation and regimentation of business. Following along the lines of his address before the Advertising Club of Washington on May 15 (published in the "Chronicle" of May 17th) Mr. Hannegan told his audience that business men "will have no difficulty in making yourselves heard in Washington. In the Democratic administration's resolve to maintain Americans in steady jobs after this war," he said, "I can safely predict that American business men will be looked to for advice and for participation in government to the full extent that such advice and assistance are considered in the national in-

(Continued on page 2618)

Staley Elected Dir.

Lt. Col. T. F. Staley

Election of Thomas F. Staley, member of the firm of Reynolds & Co., of New York, investment bankers and members of the New York Stock Exchange, as a director of Stokely - Van Camp, Inc., Indianapolis, growers and canners of vegetables and fruits, was announced by W. B. Stokely, Jr., President. Mr. Staley has just been released from the U.S. Army where he served as a Lieutenant Colonel in the Air Forces for three years. Mr. Stokely said that Mr. Staley as a director would take an active part in the management of the business, which is one of the largest of its kind in the world.

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Public Utility Securities

Consolidated Edison

For some time Consolidated Edison has been selling somewhat out of line with other leading utility issues of similar high grade calibre. As shown in the accompanying table, Edison's yield is higher and its price-earnings ratio lower than the similar ratios for nine other companies. A few weeks ago the yield comparison would have been more striking, but the price margin between Edison and other leaders was narrowed when the Company made a remarkable March statement of share earnings:

	1945	1944
Consolidated report	$2.00	$1.50
Parent Co. report	2.02	1.40

This gain resulted from an increase of 63% in Parent Co. earnings (balance after charges) for the first quarter, and an increase in consolidated net of 40%. The latter gain resulted from an increase about $5,250,000 in gross, a reduction of over $1,000,000 in expenses and a slight reduction in fixed charges (taxes, however, absorbed over $3,000,000 of these gains). It would appear from these results that the company may have lost money on the huge amount of current sold to the aluminum plant in Maspeth (Queens) last year—at least the net profits must have been very small.

Consolidated Edison some time ago filed a plan with the Public Service Commission to merge with its subsidiaries (it owns all but a negligible amount of the common stocks). This would have permitted a modest saving in overhead, and would facilitate a general refunding program for system bonds and Parent Co. preferred stock. Chairman Maltbie of the Commission recently handed down a 44-page report of the Commission's findings, in which he questioned part of the program and asked the company to submit details of plant account adjustments and rate reductions before approving the balance of the plan.

The Commission held that the merger with Brooklyn Edison Co. and New York & Queens Electric Light & Power Co. is feasible, providing certain conditions are met; but they felt that the public interest would not be served by taking in the suburban companies, Yonkers Electric Light & Power Co. and Westchester Lighting Co. They also saw no advantage in merging with New York Steam Corp.

The Commission asked Consolidated Edison to clear up completely an item of $53,000,000 in the property account, said to represent the excess of purchase price over original cost. The company had agreed to eliminate a considerable part of this amount but the commission held out for complete elimination. The entire adjustment could easily be absorbed in earned surplus, which at the end of 1944 amounted to $158,824,113 for the Consolidated system and $109,836,868 for the Parent Co. alone. However, it is the usual practice to amortize such write-offs. They represent money actually invested by the security-holders, and for that reason the stockholders are entitled to full consideration of their rights. Unfortunately, a number of regulatory commissions, Federal and State, have adopted the policy of exacting concessions of this character from utilities in return for permission to carry out constructive programs of mergers, refunding, etc. The management has the problem of deciding whether it is to the best interest of stockholders to accede to these demands in order to carry out beneficial programs, or whether to fight the issue through the courts. Presumably in the present case, since considerable concessions have already been made, the

(Continued on page 2631)

Why An NASD?

Editor, Commercial and Financial Chronicle:

Benj. S. Lichtenstein

On June 25, 1942, and again on Nov. 18, 1943, you published letters I wrote on the general subject of the NASD.

In view of the decision of the SEC just handed down in the Public Service of Indiana case, I want to repeat the question I asked in the letters referred to above: "WHY DO WE HAVE AN NASD?"

B. S. LICHTENSTEIN.

June 13, 1945.

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Strength in low priced stocks points to a near termination of advance. Congress isn't doing market any good, though no immediate decline indicated.

* * *

When I sat down to write this week's column I looked forward to advising a more aggressive buying policy. The price action, however, hasn't been particularly encouraging. As a matter of fact the action of two weeks ago on which last week's column was based was better than this one. It isn't the presence of negative factors so much as the absence of positive ones which makes the reinstatement of sold out positions unwise.

* * *

The rails are about the only group which seem to live up to their previous week's promise. Last Friday they established another new high by crossing the 60 figure. During the same day, the industrials were fairly strong but the strength was limited to special issues. In any event few industrials were able to hold their gains at the close. Result was that the industrial picture left much to be desired. Saturday's market was just another one of those things. It gave little indication of anything. Monday's action was almost a duplication of Saturday. Tuesday saw a leader resurgence, but its importance was nil.

* * *

The major reasons why there is little of significance to be found, or rather its significance seems to be bearish, can be discovered in what is happening in Washington. Ordinarily what happens in Congress, or is expected to happen, is reflected in the price action far enough in advance for traders to profit.

(Continued on page 2628)

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L. F. Rothschild to Open Chicago Office

CHICAGO, ILL. — L. F. Rothschild & Co., members of the New York Stock Exchange and other exchanges, will open an office in Chicago at 231 So. La Salle Street about July 1. Arch Richards, formerly with Shields & Co. for many years, will be in charge, and R. F. Parcells, previously with Halsey, Stuart & Co., Inc., will be associated with the new branch.

Economic Problems of Peace

By THOMAS E. DEWEY*

Governor of New York

Governor Dewey Stresses the Importance of World Economic Stability as Essential to Lasting Peace and Says San Francisco Conference Will Not Accomplish This Aim, if Trade Barriers Exchange Controls and Other Authoritarian Devices Continue. He Approves the Reciprocal Trade Pacts and the Amended Bretton Woods Bill. Favors Cancellation of World War I Inter-Allied Debts and an Early Settlement of Lend-Lease Obligations That Will Not Burden Any Nation. Points Out Britain's Difficult Position and Calls for Stabilization of the Pound Sterling Rate. Says U. S. Must Take Leadership in Preventing Economic Warfare.

Thomas E. Dewey

It is a great pleasure to be here tonight and to extend to all of you, on behalf of the State of New York, warm appreciation and encouragement for the great work you are doing.

As far as I know they have not given out any medals in this war to those who have worked so hard on the seven successive war loan drives. But I do not think any of you need medals to sustain your enthusiasm and energy. None of you has any hope or desire for reward. You are engaged in floating this Seventh War Loan because you know how tremendously important that job is.

New York State has been called upon to play a major part in this as in previous war loan drives. Nearly $4,000,000,000, more than one-fourth of the total national goal, has been assigned to the quota of our State. That is a staggering sum. Yet I know you will achieve it.

The importance of the work you

(Continued on page 2624)

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*An address by Gov. Dewey at a Seventh War Loan Organization dinner, Roosevelt Hotel, New York City, June 7, 1945.

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Railroad Securities

Illinois Central

Prior to the depression of the 1930s Illinois Central had a record almost second to none among the Class I carriers. In fact, this road paid dividends uninterruptedly between 1900 and 1931, at rates varying from $5 to $7 per share throughout most of the period and $3.75 per share in 1931. The dividend was omitted in 1932 and thus far to date has not as yet been resumed. Developments, however, suggest the possibility of inauguration of dividends some time in the latter part of 1946 or early 1947.

Four fundamental weaknesses accounted for the decline in earning power of the Illinois Central during the 1930s: (1) the gradual decline of its coal traffic, Pocahontas coal making definite inroads in the Chicago area, (2) decline of export business to South America, with Mobile increasing its share of the declining business and practically displacing New Orleans as the number one gulf port (3) the competition of the Mississippi River barge companies which resulted in a sharp reduction in rates to the point where the ton mile rate of Illinois Central was the lowest of practically all the Class I carriers whose traffic is diversified and (4) depression in the agricultural regions served by Illinois Central as a result of AAA policies. An economy of scarcity could not help but affect adversely those agricultural areas which formerly had been a substantial source of traffic to this road.

During the latter part of the 30s and the war period, practically all of these fundamental weaknesses have been overcome. New coal mines have been discovered in southern Illinois and particularly in western Kentucky, where, in conjunction with the Louisville & Nashville, substantial tonnages have been originated. Such has been the importance of this traffic that it can truly be said that Illinois Central has virtually regained its former position of dominance of the coal traffic into the Chicago area, especially as they have a 25-30¢ freight differential in their favor as compared to the Pocahontas carriers.

Secondly, New Orleans has regained its position as the number one gulf port. Additionally, measures have been taken to insure the financing and the proper allocation of an even flow of manufactured goods on the part of a group of important mid-west manufacturers to make possible the development on a permanent basis of South American business post-war. Should these plans materialize as anticipated, the traffic through the New Orleans gateway should increase substantially as compared even with that of the 1920s.

Thirdly, there seems every reason to anticipate that for a period of years at least the AAA policy with its economity of scarcity will be substituted by an economy of full production with resultant traffic benefits to this important agricultural carrier. Fourthly, prior to the war traffic density on the Chicago-Omaha Division was relatively light. However, war, with its emphasis on traffic going westward through the Chicago gateway practically overloaded the Overland system (Chicago & North Western—Union Pacific—Central Pacific) with the result that a certain amount of auxiliary traffic was routed over the Omaha Division. As a consequence shippers are now conscious that the Illinois Central is no longer exclusively a north-south carrier but an important east-west carrier as well. Those close to the management believe that a substantial percentage of this traffic will be retained at the expense of the better known Overland route.

Lastly, competitive conditions with regard to the Mississippi barge companies may improve somewhat. We are none too sanguine relative to this and we believe that this competition, unfair in that it is subsidized by the government, may continue to result in substantial pressure upon rates. However, these other factors seem to offset the adverse factor of this unfair competition to a substantial degree.

The Illinois Central has been a war beneficiary in that earnings available for charges which averaged some 17 million throughout the 30s have risen to $35 million during the war period (1942 peak, $40.8 million). Working capital has paralleled this rise in earning power. In 1936 net current assets totaled $16.13 million whereas at February 28, 1945 they amounted to $37.49 million, notwithstanding the fact that in the same period of time funded debt of $88 million was retired. That physical condition of the road is in excellent shape is indicated by gross capital expenditures of $84.5 million in the eight year period 1937--1944 equivalent to $9,644 per equated track mile and total maintenance of $404.7 million equivalent to $46,191 per equated track mile. The record of debt reduction for this system has been one of the best of all Class I carriers.

Illinois Central is on the verge of a major refunding program. Fixed charges which have been reduced from a peak of $17.3 million as of 1934 to $12.8 million at the end of 1944 bid fair to be reduced to well below $10 million. At the completion of this refinancing credit of this carrier will doubtless be restored and overall interest charges for the entire debt will probably be 3½% or less as compared to almost 4½% currently.

Post-war prospects appear very excellent and if the road is able to gross $150 million or more and to attain operating efficiency making possible an operating ratio of 70%, earnings oar fo ETA SH or better on the common stock should be easily realizable. With its credit standing being restored, and with a strong financial position, it would appear that Illinois Central could in such a period support a dividend of $4 per share or better. Notwithstanding the sharp advance of the stock therefore from levels of the low 20s of several months ago to current levels in the high 30s, Illinois Central appears unusually attractive for the patient investor who can await refinancing developments which should materialize over the next six to nine months.

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Real Estate Securities

This month and next should see several real estate bond sinking funds. . . . Broadway Barclay on June 20 with $24,355.41 and London Terrace on June 26 with $61,882.23; and next month, J. B. Lyon Building, Midtown Enterprises, Grammot Corporation and Rhebem Theatre in undetermined amounts.

Incidentally, London Terrace first mortgage bonds appear to be among the more attractive real estate bonds. On June 1 they paid 5½%—1½% being regular interest, 1% additional interest and 3% accumulated contingent interest; and in addition had $61,882 for sinking fund operation. The 3% payment cleared up all interest arrears and amounted to $161,275. Assuming earning conditions remain the same, next year they should have $223,097 for a sinking fund, or enough to retire over $300,000 par value of bonds at current market price.

Office buildings should benefit by Supreme Court ruling this week in the 10 East 40th Street case, that maintenance workers who are engaged in local work are beyond the reach of wage hour law. . . . Briefly, that means that elevator men, porters, etc., who work for office buildings will not be able to recover back wages in accordance with the wage hour law where the tenancy in their buildings are not engaged in the physical process of goods, which may be classifed as interstate commerce.

Hotel bonds should continue to benefit by good earnings occasioned by peak capacity. Managers of such large hotels as the Pennsylvania and the Waldorf Astoria in New York, have stated that the demand for rooms this month is from 200% to 300% above normal. Mr. James H. McCabe attributed the scarcity of rooms to commercial buyers. "June," he said, "has always been a tremendous month for buyers, and there are more of them coming into New York now than ever in history." He said that buyers who formerly came to town for a one or two day stay once a month, now come every week and occupy rooms four or five days while they transact their business. . . . Frank A. Ready, President of the Waldorf-Astoria Corporation called the first two weeks of this month the heaviest for hotel bookings in the history of New York, and said, "This week and last, New York has had the greatest floating population in history, and that includes the period of the World's Fair." Mr. Sweeney, President of the Hotel Association of New York attributes the rush of hotel business to the return of 300,000 European war veterans each month.

It is interesting to compare all this current activity in New York hotel business with our prediction of Dec. 21, 1944 in this column:

"Regarding the future of hotel securities, it is our thought that post-war this type of real estate will continue to enjoy good business for at least two or three years post-war. New York City as a shipping center and consumer goods manufacturing center will be the necessary place for buyers to locate in order to replenish much depleted stocks. Lack of housing facilities and returning soldiers will necessitate temporary residence in hotels until more housing is constructed."

Change in hotel security prices when first recommended in this column December, 1942 and again recommended here December, 1944, and prices this week follow:

	Dec. 1942	Dec. 1944	Current
Governor Clinton	23	59	75
Lexington	52	92	98¾
Park Central	24	66	78
St. George	42	66	72
Savoy Plaza	9	60	79
Sherry Netherland	10	48	61½
Waldorf Astoria	4½	56	66

We still feel that with flush earnings making debt reduction possible, that it is probable that these types of bonds will further appreciate in price.

del Rio Honored

Daniel A. del Rio, Vice-President, Central Hanover Bank & Trust Co., New York City, was honored yesterday by the Peruvian Government with the decoration of Commander of the "Orden del Sol" (Order of the Sun) at a ceremony held at the Peruvian Embassy in Washington.

Daniel A. Del Rio

In making the presentation of the insignia, the Charge d'Affaires of the Embassy, Hon. Humberto Fernandez Davila, said that his government wanted to reward Mr. del Rio in recognition of his services rendered for the mutual understanding of both countries.

The Order of the Sun in Peru was created by the Argentine Liberator, Gen. Jose de San Martin when he entered Lima with his troops in 1821.

The ceremony was recorded and transmitted by short-wave to all of Latin America.

Frank B. A'Hearn With Bull, Holden Co.

Frank B. A'Hearn is now associated with Bull, Holden & Co., 14 Wall Street, New York City, members of the New York Stock Exchange. Mr. A'Hearn has been identified with various Wall Street houses for the past several years.

Howard Hannon Joins Staff Of Stone, Moore & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO.—Howard J. Hannon has become associated with Stone, Moore & Co., U. S. National Bank Building. Mr. Hannon has recently been serving in the U. S. Navy. In the past he was with Earl M. Scanlan & Co. and was President of Howard J. Hannon & Co.

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Five Sound Common Stocks—Comparative memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also available are several memoranda of **Research Comment** and a **Review of Niagara Hudson Power Corp.**

Monthly Stock and Bond Summaries—May be had at a cost of $72 each per year, or a total of $144 a year for the complete service which includes two cloth bound volumes and ten paper bound issues—a special free trial offer is available—**National Quotation Bureau,** 46 Front Street, New York, N. Y.

Outlook for Public Utility Equities—Detailed analytical brochure—Baker, Weeks & Harden, 52 Wall Street, New York 5, N. Y.

Outlook for Railroad Equipment Companies—Current study of situation with the large deferred demand in this industry appearing to indicate a continuing high level of operations—Thomson & McKinnon, 231 South La Salle Street, Chicago 4, Ill.

Road to Serfdom—Reprints of the Readers' Digest condensation of the book by Friedrich A. Hayek—**B. S. Lichtenstein & Co.,** 99 Wall Street, New York 5, N. Y.

Threshold of Trust Expansion, by John Kalb, partner in Adolph Lewisohn & Sons, 61 Broadway, New York City, reprinted from Trusts and Estates Magazine for June, 1945.

Trend of Tax Delinquency, 1930-1944, by Frederick L. Bird—Published by Dun & Bradstreet, Inc., 290 Broadway, New York 8, N. Y., from whom details may be obtained.

What Hopes for Railroad Security Holders?—Reprint of talk by Arthur C. Knies, available to banks and dealers—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Also available **Monthly Comment on Transportation Statistics.**

Alleghany Corporation—Study of prospects of 5½% A preferred stock — McLaughlin, Baird & Reuss, One Wall Street, New York 5, N. Y.

American Casualty Company—Data on current position—Mackubin, Legg & Co., 22 Light Street, Baltimore, Md.

Also available are memoranda on **American Reserve Insurance Co., Camden Fire Insurance Association, Continental Insurance Co., Excess Insurance Co. of America, Fidelity Phenix Fire Insurance Co., Gibraltar Fire & Marine Insurance Co., National Liberty Insurance Co., Reinsurance Corp. of New York, Republic Insurance Co.** and **Reliance Insurance Co.**

American Woman's Realty Co., Inc. — Memorandum — Lapham, Philips & Co., 40 Exchange Place, New York 5, N. Y.

Ampco Metals, Inc. — Current bulletin—**Sills, Minton & Co., Inc.,** 209 South La Salle Street, Chicago 4, Ill.

Also available is a report on **Maryland Casualty Co.**

Ashland Oil & Refining Company — Memorandum discussing investment possibilities of the 4¼% cumulative convertible preferred stock—A. G. Becker & Co., Inc., 120 South La Salle Street, Chicago 3, Ill.

Atlanta & West Point Railroad—Descriptive circular—Adams & Peck, 63 Wall Street, New York 5, N. Y.

Bird & Son—Descriptive memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **Empire District Electric** and **Eastern Corp.**

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.,** 37 Wall Street, New York 5, N. Y.

Boston Wharf Co.—Descriptive circular—**du Pont, Homsey Co.,** Shawmut Bank Building, Boston 9, Mass.

Central Illinois Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Central Iron & Steel—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Kingan & Co.** and **Riverside Cement.**

Chicago, Milwaukee, St. Paul & Pacific Railroad—Complete arbitrage proposition—**Sutro Bros. & Co.,** 120 Broadway, New York 5, N. Y.

City of Montreal, Financial Reorganization, including a memorandum on the current budget—Dominion Securities Corporation, 40 Exchange Place, New York 5, N. Y.

Also available, a memorandum on the debt reorganization plan of the **Province of Alberta.**

Consolidated Edison Co. of New York—Analytical study—**Kidder, Peabody & Co.,** 17 Wall Street, New York 5, N. Y.

(Continued on page 2633)

Competitive Bidding Drive Opened by Investment Bankers

A group of mid-Western investment banking houses plan to begin a campaign for competitive bidding on security issues, according to an Associated Press dispatch from Cleveland, Ohio, on June 12, which added:

Cyrus Eaton, of Otis & Co., Cleveland, and Harold L. Stuart, of Halsey, Stuart & Co., Chicago, proponents of competition in utility, railroad and telephone financing, will begin a campaign for competitive bidding on high grade industrial issues in the near future, it was learned on June 12.

Mr. Eaton and Mr. Stuart are expected to follow tactics similar to those used in the campaign for such bidding in other financing—offering substantially higher bids than those privately negotiated and relying on the attendant publicity to force company officials to sell them the securities.

Pitted against them and any change in the present practice of private negotiations between banker and company will be some of the major New York investment banking houses, the Investment Bankers Association and the National Association of Securities Dealers, chief foes of competition in the past. At stake will be millions in underwriting fees.

As a prelude to the coming drive, Otis & Co. recently declined participation in Wall Street-sponsored offerings of privately negotiated industrials.

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SEC Denies NASD Right to Enforce Price Maintenance Contracts

(Continued from page 2607)

'impose' the schedule of prices and discounts on the member. True, the schedule has been accepted by the member for the purposes of his contract, but association rules impose duties *to the association* over and above the member's duties which arise out of his dealings with others. Thus, the duty of a member to deal honestly with a customer has properly been made a multiple obligation, for which the member may be called to account not only by the customer, in civil litigation, but also by the association, in disciplinary proceedings under its rules, as well as by other law-enforcement authorities. So here, the NASD seeks to impose on participating members an obligation to *itself*, enforceable through disciplinary proceedings, to adhere to a schedule of discounts which would otherwise be enforceable only by the parties to the contract through private litigation or such practical economic sanctions as they might have at their command. And clearly, by the implicit threat of again using its disciplinary powers, it seeks prospectively to impose on participating members *any schedule of discounts that may be established by contract in any future underwriting.*"

Regarding the question whether price maintenance clauses in syndicate agreements were a violation of the Sherman Anti-Trust Law, (as contended by the Department of Justice which participated in the proceedings) the majority opinion stated that "it is axiomatic that a market is not 'free and open' with respect to a security whose price is fixed by unilateral action of the sellers, not by negotiation between the sellers and investors. We cannot doubt that price-maintenance and fixed discount contracts are designed to restrict the free movement of price during distribution, and are *per se* "impediments to . . . a free and open market" within the meaning of Section 15A (b) (7). This is not to say, however, that such contracts are *per se* unlawful. Whether the particular agreements before us were reasonable or unreasonable restraints under the Sherman Act is another question, to be discussed later in this opinion. What we do say is that *an association rule designed to promote minimum prices and discounts* runs directly counter to the statutory requirement that the association's rules be designed to remove "impediments to . . . a free and open market." The considerations which led the courts to read a "rule of reason" into the Sherman Act, for purposes of regulating the actual conduct of business, do not have the same force in construing Section 15A (b) (7) for the purpose of determining the legitimate limits upon a registered association's rule-making and disciplinary powers."

On this point, later in the decision, it is specificially stated: "Whether underwriting and selling syndicates, regarded as combinations to fix prices, are invalid depends, we believe, on the facts of the particular case. Among these the important considerations may be the size of the distribution groups in relation to the size of the issue, the particular combination of powers reserved to those who dominate the distribution, the length of time provided in the contract for keeping the combination together, the type and quality of the security, and the size and nature of the class of investors to whom the distribution must be made.

"We do not intend this list of factors to be, by any means, exhaustive. Particular cases may involve unique problems. When it is remembered that the aim of the Sherman Act is to foster competition, it will be seen that a significant focus of consideration is the extent to which the fixed and maintained price, for the particular issue, affects the prices of other issues or is permitted, by artificial means, to exceed the competitive limits set by free market forces affecting similar types of securities."

The conclusion of the Commission was that "in the light of . . . Congressional policies of recognizing fixed-price distributions with fixed allowances and discounts, and of committing stabilization practices to our regulation, the decisions dealing with price-fixing and price-maintenance in other commodities under the Sherman Act must obviously be read with caution. Though we think it unnecessary to decide the point, we are inclined to the view that the price-maintenance agreements now before us were not illegal under the Sherman Act. . . .

Our views on the application of the antitrust laws to the securities field may be summarized as follows: The mere making of agreements containing provisions for a fixed offering price, price-maintenance and stabilization is not *per se* unlawful. But, like many other contracts, these may be entered into and performed under circumstances that amount to an unlawful suppression of competition. We have already noted certain factors by which the lawfulness of the syndicate may be judged. Among these are: the size of the group in relation to the size of the issue, the suppression of competition in bidding or negotiating for the business, and the duration of a syndicate dictated by the manager and major underwriters."

The majority opinion was concurred in by Ganson Purcell, Chairman of the SEC, and Commissioners Sumner T. Pike and Robert K. McConnaughey. Commissioner C. Healy dissenting in part, wrote an extended separate opinion in which he pointed out that the syndicate agreements had received full publicity and approval under the provisions of the Securities and Exchange Acts and that the violations of the price maintenance clause was an act contrary to "just and equitable principles of trade", and therefore came within the jurisdiction of the NASD.

"I realize," Commissioner Healey stated, "that the Government should not take action against those who breach ordinary commercial contracts between private individuals. But the function of an association to protect its members against unfair treatment by their associate members seems to me quite a different matter. That has long been recognized as a legitimate and appropriate function of stock exchanges It is true that the dealings of members of the NASD with the public is the most important subject of regulation. The same thing may be said of the dealings of members of stock exchanges with the public. But the dealings of the members with each other are important to them. It is their association and one of the reasons for joining it is to get the benefit of arbitrations, of rulings of various kinds relating to dealings among themselves, and of the enforcement of fair treatment of one member by another."

And regarding the case under consideration, he said that "under the Commission's rules underwriters are permitted to stabilize, *obviously in combination*, to preserve *a market price* during a period of distribution, not merely to observe an offering price. Here this agreement is merely that during an appropriate period the underwriters and sellers will not violate the terms of their common undertaking. Why swallow a camel like stabilization of a market price and strain at a gnat like a uniform offering price not to be broken during a period of primary distribution? The one excuse for stabilizing, which everyone agrees is a form of manuipulation of market prices, is to protect a public offering price during a period of public distribution, in order to facilitate that distribution. How futile it is to permit that and yet insist that those who have combined their capital and efforts in a common undertaking cannot agree not to cut their own public offering price during a period reasonably needed for the distribution process! Is that price to be protected by stabilizing against all adverse outside influences and yet the price be breached by those on the inside who are distributing the security? Are the underwriters and distributors stabilizing against their own price cutting? Are they stabilizing against their violations of their own contracts?"

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Garland Nominated to Be President of IBA

Charles S. Garland, partner of the Baltimore investment banking firm of Alex. Brown & Sons, has been nominated as next President of the Investment Bankers Association of America, it was announced by John Clifford Folger, Folger, Nolan, Incorporated, Washington, president of of the association. Named with Mr. Garland were the following nominees for vice president: Hazen S. Arnold Braun, Bosworth & Co., Toledo; Julien H. Collins, Julien Collins & Co., Chicago; Hal H. Dewar, Dewar, Robertson & Pancoast, San Antonio; Edward Hopkinson, Jr., Drexel & Co., Philadelphia; and Lee M. Limbert, Blyth & Co., Inc., New York.

Charles S. Garland

Nominations, made by the board of governors of the association, are considered tantamount to election in the IBA, which will act on the ticket at the annual meeting, scheduled for November 26 to 28 in Chicago at the Edgewater Beach Hotel.

Mr. Garland has been a vice-president of the association since November 1944 and has held many important committee posts in the organization. He has been in the securities business since 1928 with one or another of the banking organizations which sprang originally from Alex. Brown & Sons, said to be the oldest investment concern in the United States.

Graduated from Yale in 1920, Mr. Garland went first with Hickman, Williams & Co., Pittsburgh iron and steel brokers, and was their New York district manager from 1924 to 1928. He entered banking in May 1928 with Brown Brothers & Co., New York private banking house, for whom he opened a Chicago office in May 1929. On January 1, 1933, he was made a partner of Brown Bros., Harriman & Co., and on June 16, 1934, he was elected vice president and director of Brown Harriman & Co., Incorporated, resigning from that position in January 1939 to take a partnership in his present firm.

While in college, Mr. Garland was national intercollegiate tennis champion in both singles and doubles. He was a member of the 1920 U. S. Davis Cup team and in that year, with R. Norris Williams, won the doubles championship of the world at Wimbledon. In 1927 he acted as captain of the Davis Cup team, and he is now chairman of the Amateur Rule Committee of the U. S. Lawn Tennis Association and a member of the International Play Committee.

From October 1940 to June 1941 Mr. Garland was chief of the financial section of the Office of Production Management. He is at present chairman of the Maryland War Finance Committee. Among business activities outside banking he is a director and member of the executive committee of Sharp & Dohme, the Empire Trust Co., New York; Canton Co. of Baltimore; Canton Railroad Co., and a director of the Minnesota & Ontario Paper Co., the Cottman Co., and the Baltimore Association of Commerce.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number ninety of a series.*
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In Frankfort-on-Main

The recent capture of Frankfort-on-Main brings back a lot of memories. It reminds us, too, that there lived in Frankfort, in the sixteenth century, a man named Vincentius Obsopoeus. He wrote three books in Latin on "The Art of Drinking." We have, here at Schenley, an English translation which appeared in a journal sponsored by one of America's leading Universities. We wish that we had sufficient space to give you a good sample from the apparently inspired pen of Vincentius Obsopoeus. But we cannot resist the temptation to quote a few brief excerpts.

Book 1 starts with these lines: "If any of you in this city are ignorant of the art of drinking, read me, and drink more wisely for this garnered skill. . . . We must cultivate Bacchus with skill in order not to drink the pleasant wine crudely, at feasts. Unless Bacchus is worshipped with particular skill, as is proper, the worshipper will see the god angered. For he is as unappeasable as he is naturally peaceful, when he is approached unworthily."

And then, he says: "My spirit doesn't burn at all to write of a crowd of gluttons, who wickedly squander your riches night and day. I sing of the lawful banquet and permissible drinking."

Well, there we have a good preachment on moderation—and we're all for it.

But, let Vincentius Obsopoeus close this column, as he closes his Book 3: ". . . my Muse has no shocking wicked deed to tell. I have pointed out the temperate feasts of a lawful Bacchus, and sometimes the jesting battles of permissible wine. For that reason I am not to be condemned by hostile judges. . . . The game has an end. . . . Give wine to the teacher. For I seek no other reward from you, and while you practice my art . . . , I entreat you, O pupils, remember me!"

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- L—Federal Land Bank Securities
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Brailsford & Co.
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BURKE, Herbert J. I P
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JORDAN, Thomas R. S
Wayne Hummer & Co.
105 W. Adams St. (90)
Andover 1700 CG 1252

JOSLYN, George R. A
Weinress & Co.
231 S. La Salle St. (4)
Central 8321 CG 706

KANE, Vincent T.
C. L. Schmidt & Co., Inc.
(n) 120 S. La Salle St. (3)
Randolph 6960 CG 271

KANT, Herbert H.
Greenebaum Investment Co.
(n) 39 S. La Salle St. (3)
Randolph 5360 CG 1368

KEEGAN, Bernard R. E
Hickey & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 8800 CG 1234

KEGLEY, William C. I
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

KELLY, Frank S. I M P R
(n) 120 S. La Salle St. (3)
Andover 5970

KELLY, John A. I P R
Smith, Barney & Co.
(n) 105 W. Adams St. (3)
Randolph 6400 CG 315

KENT, Edward L. A
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

KERR, William D. A
Bacon, Whipple & Co.
(n) 135 S. La Salle St. (3)
State 3100 CG 1194

KIMBALL, J. Austin M
Weeden & Co.
135 S. La Salle St. (3)
Franklin 3123 CG 484

KING, Thomas E. I P
Hicks & Price
(n) 231 S. La Salle St. (4)
Randolph 5686 CG 972

KITCHEN, W. T. A
Kitchen & Co.
(n) 135 S. La Salle St. (3)
State 4950 CG 573

KNIGHT, Edward J. M
Blyth & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 7260 CG 304

KOEHLER, Thomas S. I
Fred W. Fairman & Co.
(n) 208 S. La Salle St. (4)
Randolph 4068 CG 537

KOERNER, Star C. B I
Mitchell, Hutchins & Co.
(n) 231 S. La Salle St. (4)
State 1700 CG 1094

KOONTZ, Harvey R. A
Brown Brothers Harriman & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0404

KRELL, Robert B. A
Bacon, Whipple & Co.
(n) 135 S. La Salle St. (3)
State 3100 CG 1194

LAIDLEY, Forrest
Hicks & Price
(n) 231 S. La Salle St. (4)
Randolph 5686 CG 972

LANDIS, O. D. A
Webber-Simpson & Co.
(n) 208 S. La Salle St. (4)
Andover 1811 CG 1268

LANG, Walter E. M
Harriman Ripley & Co., Incorporated
135 S. La Salle St. (3)
Central 8400 CG 430

LANGILL, Banford B. P
Langill & Co.
(n) 134 S. La Salle St. (3)
Central 8377 CG 327

LANNAN, J. Patrick
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

LaROCCO, Lawrence C. A
Lamson Bros. & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 2400

LAZAR, Martin P
Brailsford & Co.
(n) 208 S. La Salle St. (4)
State 9868 CG 95

LEASON, Harvey G.
Leason & Co., Inc.
(n) 39 S. La Salle St. (3)
State 6001 CG 993

LEE, Arthur D. I P R
Goldman, Sachs & Co.
(n) 208 S. La Salle St. (4)
Randolph 9200 CG 1185

LEE, Joseph M. A
Shearson, Hammill & Co.
(n) 208 S. La Salle St. (4)
Randolph 7120 CG 161

LERITZ, Albert
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

LINDER, Evar L. I P
Paine, Webber, Jackson & Curtis
(n) 209 S. La Salle St. (4)
State 0860 CG 1247

LONG, Harold A. C
McMaster Hutchinson & Co.
105 S. La Salle St. (3)
State 0577 CG 414

LONGSTAFF, Ralph S.
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

LYKLEMA, Walter C. M
A. C. Allyn and Company, Inc.
100 W. Monroe St. (3)
Franklin 8400 CG 940

LYNCH, Philip A. A
James E. Bennett & Co.
141 W. Jackson Blvd. (4)
Wabash 2740

LYONS, George L. M
Kneeland & Co.
141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

MAGEE, Martin L. I P
H. M. Byllesby and Company, Incorporated
(n) 135 S. La Salle St. (3)
State 8711 CG 273

MANGAN, Maurice D. M P
Webber-Simpson & Co.
208 S. La Salle St. (4)
Andover 1811 CG 1268

MARQUARDT, Jerome F.
William A. Fuller & Co.
(n) 209 S. La Salle St. (4)
Dearborn 9200 CG 146

MARR, Lawrence N. I P
E. H. Rollins & Sons Incorporated
(n) 135 S. La Salle St. (3)
Central 7540 CG 530

MATHEWS, Henry T. P
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

MATHEWS, Murray C. E
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

MATZ, Charles T. I P R
Harriman Ripley & Co., Incorporated
(n) 135 S. La Salle St. (3)
Central 8400 CG 430

MAYER, Chester J. M U
C. J. Devine & Co.
(n) 135 S. La Salle St. (3)
Central 7300 CG 255

MAYER, Ernest A. A
Holley, Dayton & Gernon
(n) 105 S. La Salle St. (3)
Central 0780 CG 262

McFARLANE, Lawrence B.
McMaster Hutchinson & Co.
(n) 105 S. La Salle St. (3)
State 0577 CG 414

McGREEVEY, John A. A
Bache & Co.
(n) 135 S. La Salle St. (3)
Randolph 7200 CG 458

McHUGH, John D. I
Ames, Emerich & Co., Inc.
(n) 105 S. La Salle St. (3)
State 5300 CG 1183

MEYER, Herbert O. U
Continental Illinois National Bank & Trust Co.
231 S. La Salle St. (90)
State 9000 CG 77

MIEHLS, Don G. M
William Blair & Company
(n) 135 S. La Salle St. (3)
Franklin 4151 CG 546

MILLER, Lewis M
The First National Bank of Chicago
Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

MONTGOMERY, Thomas R. A
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

MOON, Russell F.
Shearson, Hammill & Co.
(n) 208 S. La Salle St. (4)
Randolph 7120 CG 161

MORTON, Howard C.
McMaster Hutchinson & Co.
(n)105 S. La Salle St. (3)
State 0577 CG 414

MURPHY, James H. I P
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

MURPHY, Richard M
Kneeland & Co.
141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

NELSON, Harold C. A
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

NELSON, Harry L. I P R
Blyth & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 7260 CG 304

NELSON, Wm. P R
Bear, Stearns & Co.
(n) 135 S. La Salle St. (3)
State 0933 CG 1279

NEWELL, Edward F. I P
Langill & Co.
(n) 134 S. La Salle St. (4)
Central 8377 CG 327

NEWPART, Chris J. I P
Merrill Lynch, Pierce, Fenner & Beane
(n) Board of Trade Bldg. (4)
Wabash 8950 CG 92

NIEBUHR, Lowell E T
Leason & Co., Inc.
(n) 39 S. La Salle St. (3)
State 6001 CG 982

NORTON, Lawrence H. B I P R S T X
Remer, Mitchell & Reitzel, Inc.
(n) 208 S. La Salle St. (4)
Randolph 3736 CG 989

NOURSE, Clifton L. C
Illinois (The) Company
231 S. La Salle St. (4)
State 2630 CG 883

O'BRIEN, Edwin P.
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

O'BRIEN, John J., 3rd A
John J. O'Brien & Co.
(n) 231 S. La Salle St. (4)
Central 5775 CG 1660

O'CONNOR, James J.
Doyle, O'Connor & Co., Inc.
(n) 135 S. La Salle St. (3)
Dearborn 9600 CG 1200

OGDEN, Kenneth S. M
Central Republic Company
209 S. La Salle St. (90)
Franklin 5610 CG 43

OLDERSHAW, Hal B. A
Blyth & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 7260 CG 304

OLLMAN, Carl H. A
Kebbon, McCormick & Co.
231 S. La Salle St. (4)
Franklin 8844 CG 1

OLSEN, W. O. M
Kneeland & Co.
141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

O'ROURKE, John P. A
J. P. O'Rourke & Co.
(n) Board of Trade Bldg. (4)
Harrison 4245

PADDOCK, George A.
Rogers & Tracy, Inc.
120 S. La Salle St. (3)
State 4151 CG 917

PARISE, George D. A
Fred W. Fairman & Co.
208 S. La Salle St. (4)
Randolph 4068 CG 537

PARKER, Arthur I P R
Sills, Minton & Company, Inc.
(n) 209 S. La Salle St. (4)
Dearborn 1421 CG 864

PARKER, Lester J. I
Merrill Lynch, Pierce, Fenner & Beane
(n) Board of Trade Bldg. (4)
Wabash 8950 CG 92

PARTRIDGE, John F. F M
Welsh, Davis & Co.
(n) 135 S. La Salle St. (3)
Franklin 3161 CG 225

PECK, Edgar A.
W. C. Gibson & Co.
(n) 231 S. La Salle St. (4)
State 1790

PENNINGTON, Robert B.
Behel, Johnsen & Company, Inc.
29 S. La Salle St. (3)
Randolph 5921

PETERSON, Alfred G. P
Baker, Fentress & Co.
208 S. La Salle St. (4)
Central 9190

PICKARD, A. G. M
C. F. Childs and Company
141 W. Jackson Blvd. (4)
Wabash 5410 CG 17

PLOTZ, Paul A
Goven, Eddins & Co.
11 S. La Salle St. (3)
Franklin 3319

PODESTA, Robert A.
Julien Collins & Company
(n) 105 S. La Salle St. (3)
Franklin 1733 CG 378

PROSSER, Walter W. A
J. P. O'Rourke & Co.
(n) Board of Trade Bldg. (4)
Harrison 4245

PULVER, Henri P. I P R
Goodbody & Co.
(n) 105 W. Adams St. (3)
Central 8900 CG 321

PURCELL, Thomas J.
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

RANDALL, Ralph G. A
Mason, Moran & Co.
(n) 135 S. La Salle St. (3)
Central 8858 CG 1146

RENIER, Edward P. A
Comstock & Co.
(n) 231 S. La Salle St. (4)
Dearborn 1501 CG 257

REYNOLDS, T. Leo
Paul H. Davis & Co.
(n) 10 S. La Salle St. (3)
Franklin 8622 CG 405

RICHARDS, Charles A. E
Forman Securities Corp.
39 S. La Salle St. (3)
Randolph 4728

ROBERTSON, Clarke J. I M P R
Sills, Minton & Company, Inc.
(n) 209 S. La Salle St. (4)
Dearborn 1421 CG 840

ROGERS, John C. A
Hickey & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 8800 CG 1234

ROGERS, Sampson, Jr. Q R
McMaster Hutchinson & Co.
105 S. La Salle St. (3)
State 0577 CG 414

RONNING, Magnus I. U
Continental Illinois National Bank & Trust Co.
231 S. La Salle St. (90)
State 9000 CG 77

ROOB, Edward A.
Salomon Bros. & Hutzler
(n) 231 S. La Salle St. (4)
Central 9020 CG 840

ROWLES, Duncan M. M
Harris, Hall & Company, Inc.
111 W. Monroe St. (3)
Randolph 5422 CG 854

RUGGLES, M. C. I P R U
The Northern Trust Co.
(n) 50 S. La Salle St. (90)
Franklin 7070 CG 368

SACCO, Arthur C. I P R
First Securities Company of Chicago
(n) 105 S. La Salle St. (3)
Andover 1520 CG 1399

SACHNOFF, Morey D. I P
Straus & Blosser
(n) 135 S. La Salle St. (3)
Andover 5700 CG 650

SACHNOFF, Samuel M U
The First National Bank of Chicago
(n) Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

SAYRE, Byron J. M
John Nuveen & Co.
(n) 135 S. La Salle St. (3)
Central 9300 CG 945

SCHEUER, Charles G. E
Valiquet & Co.
(n) 135 S. La Salle St. (3)
Central 4402 CG 81

SCHOENEBERGER, Charles A. M
Shields & Company
135 S. La Salle St. (3)
Dearborn 0560 CG 9

SCHOETTLER, F. Girard A
Wayne Hummer & Co.
(n) 105 W. Adams St. (90)
Andover 1700 CG 1251

SCHROEDER, Paul A. R
Cornell-Schroeder & Co.
120 S. La Salle St. (3)
Franklin 1490

SCHULTZ, George W. B I P S
Carter H. Corbrey & Co.
(n) 135 S. La Salle St. (3)
State 6502 CG 99

SCOTT, Mortimer W. M
Scott & Wyandt, Incorporated
(n) 135 S. La Salle St. (3)
Andover 4421

SELLERS, Paul A. B I P R
The Illinois Co.
(n) 231 S. La Salle St. (4)
State 2630 CG 883

SEMBACH, Harold J. I P
Remer, Mitchell & Reitzel, Inc.
(n) 208 S. La Salle St. (4)
Randolph 3736 CG 989

SENNOTT, William J., Jr. I P
Clement, Curtis & Co.
(n) 134 S. La Salle St. (3)
Randolph 6800 CG 214

SHALES, Glenn A
Carter H. Harrison & Co.
(n) 209 S. La Salle St. (4)
State 0311 CG 850

SHAW, Bradford W. M
Swift, Henke & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0811 CG 900

SHERMAN, George H. U
The First Boston Corp.
231 S. La Salle St. (4)
Franklin 6640 CG 666

SHERWOOD, Donald B. A
Stifel Nicolaus & Co., Inc.
(n) 105 W. Adams St. (3)
State 5770 CG 697

SIMMONS, Richard W. I R
Lee Higginson Corporation
(n) 231 S. La Salle St. (4)
Franklin 4500 CG 175

SKEPNEK, Paul J., Jr. P
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

SMITH, George W. M
First Securities Company of Chicago
(n) 105 S. La Salle St. (3)
Andover 1520 CG 1399

SMITH, Hobart E. M
Stifel, Nicolaus & Co., Inc.
105 W. Adams St. (3)
State 5770 CG 697

SONG, Elmore M
Goldman, Sachs & Co.
208 S. La Salle St. (4)
Randolph 9200 CG 1185

SPANIER, Joseph J. I P R
Bennett, Spanier & Co., Inc.
105 S. La Salle St. (3)
Central 4274 CG 1040

SPANIER, William A. I P R
Bennett, Spanier & Co., Inc.
105 S. La Salle St. (3)
Central 4274 CG 1040

SPARKS, Allen K. L P R
F. A. Carlton & Co.
(n) 135 S. La Salle St. (3)
Central 2610 CG 165

SPINK, Harold H. M
E. H. Rollins & Sons Incorporated
135 S. La Salle St. (3)
Central 7540 CG 530

SPINK, Paul W. A
Faroll & Company
(n) 208 S. La Salle St. (4)
Andover 1430 CG 156

SPRINGER, William P. F
Carl Marks & Co., Inc.
(n) 208 S. La Salle St. (4)
State 6693 CG 1124

STEFFES, James W. I R U
Swift, Henke & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0811 CG 900

STEPHAN, Edwin A. I P R
Kebbon, McCormick & Co.
(n) 231 S. La Salle St. (4)
Franklin 8844 CG 1

STEPHENS, Donald B.
First Securities Company of Chicago
(n) 105 S. La Salle St. (3)
Andover 1520 CG 1399

STILLWELL, John D.
Kidder, Peabody & Co.
(n) 135 S. La Salle St. (3)
Central 3484 CG 1358

STIRLING, Louis J. A
Hirsch & Co.
(n) 135 S. La Salle St. (3)
State 8770 CG 1219

STRAUSS, Robert A
Strauss Bros.
(n) Board of Trade Bldg. (4)
Harrison 2075 CG 129

STRONG, O. H.
The First National Bank of Chicago
(n) Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

SUNDELL, Roy B. I P R
Goodbody & Co.
(n) 105 W. Adams St. (3)
Central 8900 CG 321

SWANSON, Knute G. E
Carter H. Harrison & Co.
(n) 209 S. La Salle St. (4)
State 0311 CG 850

SWEENEY, I. J.
F. S. Moseley & Co.
(n) Field Bldg. (3)
Randolph 5900 CG 503

TABKE, Carl W. I M P R
R. S. Dickson & Co., Inc.
135 S. La Salle St. (3)
Franklin 3794 CG 565

TAYLOR, Harry A. M
The Crummer Company, Inc.
1st Nat'l Bank Bldg. (3)
Randolph 6317 CG 163

THORSEN, Lester J. B S
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

TORGERSON, Frank S.
Link, Gorman & Co., Incorporated
208 S. La Salle St. (4)
State 7844 CG 1213

TRITSCHLER, Alexander M. A
Stone & Webster and Blodget, Incorporated
33 S. Clark St. (3)
Randolph 2700 CG 669

TUERK, Fred R. I P
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

TURLEY, George R. E
Barnes & Turley
120 S. La Salle St. (3)
Randolph 6607

UNGEHER, Fred E. E I
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

VACHA, James C. I
Adams & Co.
231 S. La Salle St. (4)
State 0101 CG 361

VALIQUET, Albert J. E
Valiquet & Co.
(n) 135 S. La Salle St. (3)
Central 4402 CG 81

VALLEAU, Harry O. E
Harry O. Valleau & Co.
(n) 10 S. La Salle St. (3)
Franklin 2811

VALLELY, Edward V. M
John Nuveen & Co.
(n) 135 S. La Salle St. (3)
Central 9300 CG 945

VAN CAMP, Owen V. M
Enyart, Van Camp & Co., Inc.
100 W. Monroe St. (3)
Andover 2424 CG 965

VAN WINKLE, P. K. M
Paine, Webber, Jackson & Curtis
209 S. La Salle St. (4)
State 0860 CG 1245

VOGEL, Denes D. I P R
Hornblower & Weeks
(n) 39 S. La Salle St. (3)
Franklin 7500

VOJTA, George J. U
The Northern Trust Company
(n) 50 S. La Salle St. (90)
Franklin 7070 CG 368

WAKELEY, Thompson M. I P R
A. C. Allyn and Company, Inc.
(n) 100 W. Monre St. (3)
Franklin 8400 CG 940

WALLACE, William M. E
Francoeur & Company
(n) 39 S. La Salle St. (3)
Randolph 3950 CG 993

WELCH, Edward H.
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

WILKIN, John N. I P R
Baker, Walsh & Co.
(n) 29 S. La Salle St. (3)
Randolph 4553

WILLIAMS, Andrew R. B I
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

WILLIAMS, George P. B I
Langill & Co.
(n) 134 S. La Salle St. (3)
Central 8377 CG 327

WINGADER, Lawrence A. M
John Nuveen & Co.
(n) 135 S. La Salle St. (3)
Central 9300 CG 945

WOLF, Leonard J.
A. G. Becker & Co. Incorporated
(n) 120 S. La Salle St. (3)
Franklin 6100 CG 1089

WOOLARD, Francis C. E P
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

YARROW, Paul A
Clement, Curtis & Co.
(n) 134 S. La Salle St. (3)
Randolph 6800 CG 214

YOUNG, Raymond W. E
Remer, Mitchell & Reitzel, Inc.
(n) 208 S. La Salle St. (4)
Randolph 3736 CG 989

ZIPPIN, Israel F
Zippin & Company, Inc.
(n) 208 S. La Salle St. (4)
Randolph 4696 CG 451

Peoria

NEGLEY, Don L. M
Negley, Jens & Rowe
Jefferson Bldg.
Peoria (2), Ill.
4-7126

Springfield

DIXON, Noah M.
Dixon Bretscher Noonan, Inc.
1st Nat'l Bank Bldg.,
Springfield, Ill.
4613 SI 295

KEY to letters at end of name line:

A—All classes of Securities
B—Bank & Trust Company Stocks
C—Canadian Securities
E—Real Estate Securities
F—Foreign Securities
G—Guaranteed Railroad Securities
I—Textiles (classed as Industrials)
I—Industrial Securities
J—Joint Stock Land Bank Secur.
L—Federal Land Bank Securities
M—Public Revenue Bonds (classed as Municipals)
M—Municipal Bonds
M—Housing Authority Bonds (classed as Municipals)
O—Oil Stocks
P—Public Utility Securities
P—Water Company Securities (classed as Public Utilities)
Q—Equipment Trust Certificates
R—Railroad Bonds and Stocks
S—Insurance Stocks
T—Investment Trust Securities
T—Mutual Fund Securities
U—U. S. Government Securities
W—Rights, Scrip & Warrants
X—Finance Company Securities
Z—Mining Stocks

Missouri Pacific R.R.
5¼% Notes
—★—
GIVAN COMPANY
735 N. WATER STREET
MILWAUKEE 2
Tel.: Daly 3237 Teletype: MI 592

Milwaukee Bond Club Annual June Meeting

MILWAUKEE, WISC. — Plans have been completed for the annual June meeting and outing of Milwaukee Bond Club, to be held at Ozaukee Country Club on Friday, June 29. Although the "field day" officially is scheduled for only the afternoon and evening, arrangements have been made so that golfers may tee off any time during the fore-noon and lunch may be obtained at the club.

Committees are:

General Chairman: Iver Skaar, of Harris, Upham & Co.

Baseball: Leroy W. Grossman, of Marine National Exchange Bank.

Bridge: Adolph G. Thorsen, of Adolph G. Thorsen; Paul Binzel.

Golf: Norman W. Schuster, of Thomson & McKinnon; M. N. Basing, of Gardener F. Dalton & Co.; Charles W. Gerlach, of Charles Gerlach & Co.; Matthew H. Pahle, of A. C. Allyn & Co., Inc.

Horseshoe Pitching and Tug of War: Arthur E. Speer, of The Milwaukee Co.

Prizes: Edward D. Levy, of Straus & Blosser; Arthur F. Patek, of Paine, Webber, Jackson & Curtis.

Refreshments: John A. Toennessen, & Co.

Stock Exchange: Lester B. Mc Elhiney, of the Milwaukee Co.; Leroy F. Richter, of James E. Bennett & Co.

Officers of the Club are: President Joseph Carson, of Loewi & Co.; vice president, Iver Skaar, of Harris, Upham & Co.; secretary-treasurer, William A. Johnson, of Mason, Moran & Co.

Out of town guests are welcome and it is expected many will attend. However, it is hoped guests will send reservations in advance so that proper arrangements can be made for meals.

White With E. H. Rollins

(Special to The Financial Chronicle)

CHICAGO, ILL. — Harry G. White has become associated with Central Republic Company, 209 So. La Salle Street, member of the Chicago Stock Exchange. Mr. White was formerly with E. H. Rollins & Sons, Inc., for many years.

Shillinglaw, Bolger Co. Chicago Exch. Member

CHICAGO, ILL. — Shillinglaw, Bolger & Co., 120 South La Salle Street, have been admitted to membership in the Chicago Stock Exchange.

CONTINUOUS INTEREST IN:
The Hub, Henry C. Lytton & Company *Com.*
Le Roi Co. *Com.* Standard Silica Co. *Com.*
Koehring Co. *Com.* North'n Pap. Mills Co. *Com. & Pfd.*
Nekoosa-Edwards Paper *Com.* Central Elec. & Gas Co. *Pfd.*
Compo Shoe Mchy. *Com. & Pfd.* Central Telephone Co. *Pfd.*
Rochester Telephone Co. *Com.* Hamilt'n Mfg. Co. *Part. Pref. & Com.*
Wis. Pwr. & Lt. Co. *6 & 7% Pfd.*
LOEWI & CO.
225 EAST MASON ST. MILWAUKEE (2), WIS.
PHONES—Daly 5392 Chicago: State 0933 Teletype MI 488

Wisconsin Brevities

The Ed Schuster & Co., Inc., of Milwaukee, Wis. on June 11 filed with the SEC a registration statement covering 18,504 shares of 4¼% cumulative preferred stock (par $100). Of the shares registered 13,679 are to be sold by the company and 4,825 by certain stockholders.

The Wisconsin Co. will head the underwriting group. Proceeds of the Company's share of the financing will be added to its general funds pending specific allocation.

* * *

According to Kurtis F. Froedert, President of Froedert Grain & Malting Co., Inc., the company has acquired from Brooks Elevator Co., a grain elevator in Minneapolis, Minn., having a total grain capacity of 3½ million bushels. The purchase and operation will become effective Aug. 1, 1945. Cash of an undisclosed amount was paid for the property.

The acquisition, it is said, will give Froedert, reputed to be the largest commercial malting firm in the world, total storage capacity of over 10 million bushels.

* * *

Le Roi Co. reports a net profit of $429,636, equal to $3,58 per share on outstanding common stock after all charges, including provision for income taxes for the 32 week period ending May 12. Net profit for the same period in 1944 was $636,237 or $5,30 a share.

* * *

Nekoosa Edwards Paper Co. for the calendar year 1944 reported a net profit of $494,371 or $7,85 per common share, on net sales of $11,266,572, compared with $552,192 or $8.76 a share on net sales of $10,037,589 for 1943.

* * *

Electric output of Wisconsin Public Service Corp. for the week ended June 2, 1945, totaled 11,129,000 kwh., as compared with 9,956,000 kwh. for the corresponding week last year, an increase of 11.8%.

The Wisconsin Public Service Corp. has called for redemption on July 1, 1945, for account of the sinking fund, $250,000 of first mortgage 3¼% bonds due 1971, at 105½ and interest. Payments will be made at the First Wisconsin Trust Co., trustee, Milwaukee, or at Chase National Bank, New York, or at Harris Trust & Savings Bank, Chicago.

Adler, Coleman & Co. To Admit Two Partners

Adler, Coleman & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, will admit Walter J. Mahoney, Exchange member, and Murray Lerner to partnership in the firm on July 1. Mr. Mahoney has been in business as an individual floor broker. Mr. Lerner has been with the firm for some time as manager of the trading department.

Haskell Joins Hallgarten

(Special to The Financial Chronicle)

CHICAGO, ILL. — Manford M. Haskell has become affiliated with Hallgarten & Co., 231 So. La Salle Street. Mr. Haskell was previously with M. B. Vick & Co.

Customers Brokers to Vote on Nom. Group

A slate of 21 members, from which the 1945 nominating committee of the Association of Customers Brokers has been chosen, has been picked by the 1944 committee. Voting will take place at the quarterly business meeting of the Association to be held June 20 in Room 902 of 20 Broad Street, at 3:45 p. m.

Members of the 1944 committee are as follows: Lester Robbins, Chairman, Francis I. duPont & Co.; William Atkinson, E. W. Clucas & Co.; Merritt F. Beal, P. P. McDermott & Co.; Harry J. Corbett, Gude, Winmill & Co.; Russell W. Earle, Tucker, Anthony & Co.; John W. Gordohn, Steiner, Rouse & Co.; Alexander T. Hayes, Smith, Barney & Co.; John Tucker, Fahnestock & Co., and Oliver D. Wells, Goodbody & Co.

The selections that they are submitting to the meeting are as follows: Paul Anderson, Cyrus J. Lawrence & Co.; Kenneth Ward, Delafield & Delafield; William Smith, 2nd, Laidlaw & Co.; Fred Sanford, Bendix, Lutweiler & Co.; Ralph Runyon, Mallory Adee & Co.; Paul Gehring, Gude, Winmill & Co.; Joseph Dubreuil, Baker, Weeks & Harden; J. R. O'Rourke, Ira Haupt & Co.; Charles J. O'Brien, Pyne, Kendall & Hollister; James McCabe, E. W. Clucas & Co.; Walter Matthews, Paine, Webber & Co.; Fred Gray, E. F. Hutton & Co.; Harold Shea, Fahnestock & Co.; Charles Hemming, Francis I. duPont & Co.; Milton Roggenburg, Newburger, Loeb & Co.; Ellwood Ellis, Kidder Peabody & Co.; Howard De Van, J. S. Bache & Co.; Thomas Dowling, Stillman Maynard & Co.; Louis Finkelstein, Steiner, Rouse & Co.; Frank Walker, Merrill, Lynch & Co.; Jack Lowther, Eastman, Dillon & Co.

According to the constitution, additional names to be voted upon may be placed before the meeting by a petition signed by 20 members, which must be in the hands of the Secretary, Archie Harris, five days before the meeting. In addition to the election of a nominating committee a number of other important matters will come before the meeting, including a discussion of effects of present and proposed margin regulations and capital gains taxes on the flow of investment capital.

Joseph Harris With Schroder Rockefeller

Joseph C. Harris has joined the Government bond department of Schroder Rockefeller & Co., Inc., 48 Wall Street, New York City, as Assistant Vice-President. Mr. Harris recently served as a major in the United States Army Air forces in England. In the past he was an officer of Central Hanover Bank & Trust Co.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

New York Trust Co. has just announced an increase in its dividend rate from 87½¢ quarterly to $1.00; as a result, the bid price of its stock moved from 106½ to 110½. It will be recalled that the dividend was reduced in the last quarter of 1941 from a $5 annual rate to $3.50; it is now back to $4. Net operating earnings in 1944, exclusive of security profits, amounted to $7.03 per share.

Owing to a mechanical error in the column of June 7, the total assets figure for the 176 mutual fire insurance companies incorrectly appeared as $21,000,000. The actual aggregate is $521,000,000.—E. A. V.

Other Wall Street banks which have increased dividends during the past nine months are: Bank of Manhattan, Bankers Trust, Irving Trust, National City, and Public National. In the case of Bankers Trust, and Public National, no change was made in the rate per share, but the number of shares held by stockholders was increased by stock dividends of 20% and 10%, respectively.

In view of the interest in bank stock dividends, and of the possibility that other banks may see fit to pass on to their stockholders a somewhat larger share of their present level of earnings, the following tabulation of aggregate earnings and their disposition, for a group of 15 leading New York City banks during the past seven years, is offered.

TABLE I

	Sources of Earnings				Disposition		
Year—	Net Operating Profits	Net Security Profits	Net Recoveries	Total	Dividends	Surplus & Und. Profits	Reserves & Write-Downs
			(000 omitted)				
1938	$82,474	$22,078	$4,517	$109,069	$66,450	$5,880	$36,739
1939	83,328	33,015	1,925	118,268	65,850	8,280	44,138
1940	86,154	27,438	11,880	125,472	65,850	25,620	34,002
1941	90,741	22,465	12,433	125,639	65,250	36,256	24,133
1942	96,020	8,515	2,139	106,674	61,150	29,969	15,555
1943	110,954	25,733	3,032	139,719	61,412	52,650	25,657
1944	123,675	31,335	10,185	165,195	62,930	73,523	28,742
Totals	$673,346	$170,579	$46,111	$890,036	$448,892	$232,178	$208,966

It will be observed that total dividends declined from $66,450,000 in 1938 to $61,150,000 in 1942, and then rose to $62,930,000 in 1944. Strangely, though, total net operating profits increased year by year over the whole period, with the result that dividends show a steady decline in the percentage which they bear to net operating profits, as follows: 1938, 81%; 1939, 79%; 1940, 76.5%; 1941, 72%; 1942, 64.5%; 1943, 55.5% and 1944, 51%.

Over the whole period aggregate dividends represented 66.6% of aggregate net operating profits and 54.3% of net operating plus net security profits. Disposition of total net earnings from operating profits, security profits and recoveries, was as follows: dividends, 50.5%; surplus and undivided profits, 26.0%; reserves and write-downs, 23.5%.

It is now of interest to examine the earnings record of individual banks over the past few years, in relation to current dividend rates, including extras. Earnings are adjusted retroactively to the basis of present capitalization, after recent capital increases.

Except in the case of First National Bank, the earnings used are exclusive of security profits and recoveries. Average coverage of the present dividend rate by five-year average earnings is 1.61 times, and by 1944 earnings, 2.07 times.

Banks whose coverage ratio is above average by both measures are: Bank of Manhattan, Bank of New York, Bankers Trust, Chemical, Continental, Manufacturers Trust, and Public National. Banks with below-average ratios are: Central Hanover, Chase, Corn, First National, Guaranty, Irving, New York Trust and U. S. Trust. National City's five-year ratio is above average, while its 1944 ratio is fractionally below average.

TABLE II

	Net Operating Earnings Per Share					5 Year Aver.	Current Dividend	No. Times Earned	
	1940	1941	1942	1943	1944			Aver.	1944
Bank of Manhattan	$1.14	$1.37	$1.81	$2.01	$2.40	$1.75	$1.00	1.75	2.40
Bank of New York	17.61	20.05	20.70	28.59	30.45	23.48	14.00	1.68	2.18
Bankers Trust	2.80	2.66	2.83	3.16	3.65	3.02	1.40	2.16	2.61
Central Hanover	5.77	6.31	5.76	6.54	7.43	6.36	4.00	1.59	1.86
Chase National	1.83	1.96	1.81	2.33	2.54	2.09	1.40	1.49	1.81
Chemical Bk. & Tr.	2.00	2.60	2.68	3.42	3.82	2.90	1.80	1.61	2.12
Continental	0.91	0.95	1.14	1.55	2.01	1.31	0.80	1.64	2.51
Corn Exchange	1.44	2.58	3.30	3.56	3.96	2.97	2.40	1.24	1.65
First National	102.41	100.58	97.66	106.16	124.27	106.22	80.00	1.33	1.55
Guaranty Trust	14.11	14.25	16.28	17.38	20.35	16.47	12.00	1.37	1.70
Irving Trust	0.62	0.70	0.84	1.00	1.17	0.87	0.70	1.24	1.67
Manufacturers Trust	3.92	3.91	4.03	5.28	6.33	4.69	2.00	2.35	3.17
*National City	1.98	1.94	2.18	2.44	2.66	2.24	1.30	1.72	2.05
New York Trust	4.26	4.47	5.01	6.51	7.03	5.46	4.00	1.37	1.76
Public National	2.81	2.99	2.59	3.00	4.06	3.09	1.50	2.06	2.71
U. S. Trust	71.64	72.10	78.83	87.07	94.31	80.79	70.00	1.15	1.35
Average								1.61	2.07

*Includes City Bank Farmers Trust.

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Hannegan Repeats Change of Dem. Party's Attitude to Business

(Continued from page 2610)

terest. Such was the case under President Roosevelt's war administration. Such will be the case under the peacetime administration of President Truman.

"I am not speaking as a member of the President's Cabinet. I have not yet been sworn in as Postmaster General. I do speak to you as Chairman of the Democratic National Committee. I am not unacquainted with President Truman. And I have no hesitation in saying to you that, second only to victory and lasting peace, the objective that is closest to his heart is to see American business, in cooperation with labor, agriculture and government, make good in its endeavor to keep our people prosperous and employed.

"Time was, you know, when the American business man was conscious of two responsibilities: First, to produce something or to perform some service; and second, to make a profit.

"The American business man of today has added a third duty. Of his own accord, and in his own self-interest, he has taken on this third responsibility—the responsibility to do his part in keeping men employed.

"Your government also is aware of that responsibility on its part. Government, business, labor and agriculture must share in the job of keeping our people employed. They must work together. But the emphasis sometimes shifts. The nature of the responsibility shifts with the times, with the circumstances of our national economy and of world economy.

"For this reason, I believe the government's role in our postwar economy will be different from the part that government played when a Democratic administration took over in 1932.

"The whole picture, all the circumstances of our economy, are different now. In fact, between the task that faced the late President Franklin D. Roosevelt in his first term and the task that faces President Truman in his first term, there is exactly the differences between a pound of cure and an ounce of prevention.

"After Roosevelt took over, we had our pound of cure. We needed it. We were a very sick nation then. Our economic ills were of a virulent nature. They called for strong medicine. And they got it. The cure was administered and it worked.

"Today we have a very big job of work to do, but we are not getting out of a sick bed to do it. If we organize our resources and integrate our national policies, we face the prospect of an excellent market for the product of our civilian industries.

"The job that we have immediately at hand is to convert from war to peace without letting our economy slip into low gear. That won't be easy, but with men from every walk of life ready and eager to cooperate with the new administration in every way they can—as I have certainly found them to be wherever I have met them—and with an administration prepared to give every constructive encouragement to business, labor and agriculture in going after this objective, by working together I believe we can get over the difficult problems of reconversion without slipping into any downward spiral.

"The proper part of government, then, the emphasis in the role that government should assume in our economy, changes with the nation's circumstances. And the circumstances, as I see them, will call for such achange when this war is over.

"I hope and believe the emphasis will shift, in this role of government, toward cooperation and support and away from control in the merely negative sense. And the beneficiaries of such a shift will include both industry and labor, both farmer and consumer.

"I hope that a national economy free of depression will enable our government to draw a line limiting its own activities, and say to business management, 'Beyond this line we will not go!'

"I hope that when wartime tax schedules can be revised to a peacetime basis, our government will offer the same kind of assistance in the matter of taxes—a fiscal policy based on the maintenance of mass purchasing power and the reward of risk with profits.

"All these changes of government policy I believe we can achieve. And I believe we can achieve them in such a way that the social gains made under a Democratic administration through the past dozen years will be enhanced and better secured for the American people. I believe wisely conceived changes in government policy to fit the circumstances of these times could work to the advantage and increased security of labor, of industry, of small business and of the farmer."

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Ackermann Rejoins Read, Lear & Co.

PITTSBURGH, PA.—William J. Ackermann is back at the trading desk with Read, Lear & Co., Grant Building, members of the Pittsburgh Stock Exchange. Mr. Ackermann for the past three years has been serving in the U. S. Army Air Corps in the Preflight Cadet Training of the Central and Eastern Flying Training Command.

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Canadian Securities

By BRUCE WILLIAMS

Unswerving confidence in the good sense of the Canadian people and unbiased factual analysis have once more led to conclusions that have been justified by the eventual outcome.

The result of the Canadian elections held under freest democratic conditions demonstrates in clear fashion the political will of the Canadian electorate. No longer can it be thought that the Dominion has suffered a violent swing to the left as publicity in this country has constantly conveyed. This opinion resulted from casual inquiry in biased quarters, and those publicizing this view fell victim to the propaganda of the oppcnents of the C.F.F. who endeavored to create a political bogey of this socialistic movement in order to scare the electorate.

Likewise the erroneous belief that the Province of Quebec would secede from the Liberal camp and would break up into a number of "Quebec first" groups, has also been rudely shattered. Following the conservative pattern of the recent provincial elections, the French-speaking province has once more ignored the appeals of the small extremist minority and has given its customary solid support to the Mackenzie King administration.

Thus with Liberal strength displayed throughout the Dominion, with every possibility at the moment of writing of an overall government majority, a healthy official opposition constituted by the Progressive Conservatives, and the decisive rout of the C.C.F. and other extremist parties, Canada can now face the future with confidence based on the comforting knowledge that a tried administration has received a definite popular mandate for the next five years.

Furthermore, in view of the Dominion's steadily increasing stature as a world power, this Liberal triumph and C.C.F. debacle can have important repercussions elsewhere. In conjunction with Conservative successes at the expense of the C.C.F. the Canadian political indicator has taken a definite swing to the right.

Not only is this fact likely to have an influence on the coming election in Britain, but taking into account incipient indications of a similar tendency in this country, it also gives encouragement to the belief that the economic problems of the post-war world can best be solved by a political system that gives free rein to individual enterprise.

In his last campaign speech, prior to the election, Prime Minister Mackenzie King stated clearly that he believed that it should be left to private enterprise to provide the bulk of employment in the post-war period, and the state would intervene only where it was absolutely necessary in the public interest. In this way Canada can once more provide a glowing example for the rest of the world, and remind those who have forgotten, that the great eras of economic development and prosperity were created by the unfettered efforts of private initiative.

Turning to the market for the past week, there was a state of almost complete inactivity in the external section. Internals however continued to display animation with attention centered again on the mining issues, following the removal of the mining ban on new developments. Labrador Mining & Exploration stock made further progress and touched a new high level while Steep Rock Iron staged a strong recovery in view of optimistic estimates of ore deliveries. On prospects of stimulated activity in the gold camps, several new highs were registered in this section of the list. Yellowknife issues were less active as the late Spring breakup has delayed operations in the far north, but it is expected that this area will soon come into renewed prominence.

With regard to possible future prospects, in view of the holding up of profit-taking and post-loan operations during the pre-election period, there is likely to be an interim period of considerable activity but with little price change, before the favorable outcome of the elections leads to a generally higher level with special emphasis on internals.

Canadian Restrictions Off on Metal Mining

Announcement was made on June 7 by Canadian Munitions Minister Howe of the removal of metals control restrictions on mining of gold and other metals or minerals imposed by Canada on June 22, 1942, to conserve manpower and machinery for the war. The original order, it is stated, prohibited all expansion of existing mines and development of new properties except by metals-control permit, Associated Press advices from Ottawa June 7 said.

"Today's action means that all restrictions on the sinking of mine shafts, the expansion of underground work and the opening of new mines have been lifted. Mining operators willl be able to lay plans to begin new developments."

However, Mr. Howe said:

"Mining labor is still subject to strict control by national selective service and it may be many months before machinery becomes available. The removal of the restrictions is in line with the policy of the Government in rescinding all limitations on civilian industry as quickly as conditions warrant."

Mr. Howe explained that prospecting and surface diamond drilling had not been restricted, as it was necessary to continue the search for base and strategic metals and minerals.

"It is very gratifying to note that important discoveries of tungsten, molybdenum and copper have been made," he said. "Also, in the last few years a number of promising gold properties have been discovered and partially developed by surface dilling. The lifting of this order will allow further development of these properties."

Canadian Press advices from Ottawa June 7 had the following to say in part:

"Quebec's Deputy Mines Minister, O. Dufresne, saw in the announcement the 'green light for our mining companies to go ahead with projects for the sinking of mine shafts and other expansion. It will be a definite boost to gold mining, especially in Western Quebec.'

"The value of Canada's mineral production was $474,602,059 in 1939, and rose steadily until the restrictions were clamped on in 1942, when it reached $556,768,672. The following year saw a falling off to $524,426,850."

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NASD Activities Discussed

(Continued from page 2607)

sponsibility of large proportions," Mr. Phillips pointed out. "It was mandatory," he said, "that the enforcement of the Rules of Fair Practice and the standardization of principles and practices be the very minimum of performance. From the beginning the Board of Governors took the attitude that the NASD was a members' cooperative organization. The enforcement of the Rules of Fair Practice is and has always been entrusted to the district committees. The Board's function is to provide guidance and leadership to the Association and to serve as an appeal board in disciplinary actions."

"It has been the practice of district committees," he added, "to call to members' attention practices which should be corrected in the interest of public protection and the member's own welfare. There have been a great many instances where such timely and friendly advice has been of great value to the member. During the past six years the district committees have handled over 300 formal complaints. Most of these have originated from the examination programs, some have been referred by the SEC, and some have resulted from the direct complaints of investors.

"But," he continued, "we must not consider the Association, the Board, or the district committees as a police force limited only to restrictive measures. While great progress has been made in maintaining satisfactory compliance with good business practice, this represents but one of the purposes of the Association. We are likely to forget that this Association is conducted for the benefit of the members. The protection of the best interests of the securities business is a vital function, equally as important as the protection of investors. We, all of us, make our living in this business and we all have a common interest. The Board of Governors has from the beginning used its best efforts to defend the business from attacks of Federal and State agencies which might make continued operation of our business difficult or impossible."

Referring to the complaints regarding the questionnaires sent to members, Mr. Phillips states that "for a long time the Association has been handicapped by lack of information concerning some of the workings of our business. We can't very well make an adequate case for ourselves if we don't have these vital statistics. I think that some of the efforts of the Board to gather information are misunderstood by the membership. I hear rumblings that the recent questionnaire concerning salesmen's compensation was considered to be an attempt to pry into members' affairs. It does pry into members' affairs, so does any other questionnaire, but the information sought is held strictly confidential and is being compiled for the use of the Board in protecting the interests of the business.

"How can we defend our position if a Government agency charges that the root of the excessive mark-up problem is based on the demands of salesmen who are receiving the major portion of the gross profit involved. We must be in a position to state the facts. And let me say here, no action is ever taken by the Board until the advantages and disadvantages of the proposal are weighed as carefully as we know how to weigh them."

"The time has come," Mr. Phillips concluded, "when the membership has become alive to these possibilities and is demanding that the NASD enlarge its field beyond that of self-regulation. Anyone who is at all realistic knows that our business is largely unrepresented at the present time. Dozens of matters are being discussed in Washington; legislative bills are being proposed and introduced every day which vitally affect our business, and yet no one authorized to speak for the industry is participating in these discussions."

Frank L. Scheffey, Executive Secretary of District 13 Committee, reviewed the results of the questionnaires received from members during 1944 and the current year. Thus far only one member concern had a complaint directed against it. There have been only two complaints of a member against another member, and only three complaints from the public against members, all of which were dismissed.

During the question period, a number of questions were asked by members, relating mainly to the questionnaires. One member wanted to know the purpose of the questionnaire relating to salesmen. Mr. Phillips, in reply stated that it was felt that salesmen exercise a predominant influence on price policies and "mark-ups" of the concerns that employ them, and, as it was required that they get such information for the SEC, the Association was handicapped by lack of information. They endeavored to get the information through questionnaires.

In replying to a question regarding the Association's attitude toward "riskless transactions," it was stated that the Association "does not go along with the SEC" on the proposition that such transactions should be conducted on an "agency basis."

There were several questions relating to the "5% mark-up philosophy." It was stated that, according to "the clarification of the SEC," there are circumstances under which "the philosophy" could be departed from. It was also indicated that the main object to be kept in view, was that mark-ups should be reasonably related to current market prices and that quotations are not out of line with these prices. An interesting development was brought out when it was disclosed that the sales of "open-end" investment trusts were

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SEC Adopts New Simplified Form

In continuance of a program of form simplification, the Securities and Exchange Commission on June 12 announced th adoption of a new simplified form, Form S-12, for the registration under the Securities Act of 1933 of shares of corporations not more advanced than the development stage. The form may be used by such corporations (other than those in the insurance, investment and mining business) if they do not have and do not intend to acquire subsidiaries of importance, if they have not been involved in a recent succession, and if there is no long-term debt. These limitations on the use of the form have permitted considerable simplification over previous forms. At the same time, it is believed that the form will find wide use, particularly among new small corporations already organized and those to be organized in anticipation of ameliorated wartime conditions and the post-war period.

The various items of the form and the instructions have been reduced in number and simplified in comparison with previous forms. A balance sheet is not required but may be filed. A supplement to the form has been prepared to facilitate the preparation of the registration statement. It contains the parts of the Securities Act and the rules thereunder that are generally pertinent to registration.

In keeping with the Commission's practice, draft copies of the form were circulated to attorneys, accountants, and others interested in public financing. Their comments and suggestions proved most helpful in preparing the final draft of the form.

Copies of the form and the supplement thereto may be obtained by sending a request to the Publications Unit, Securities and Exchange Commission, Philadelphia 3, Pennsylavania.

The text of the Commission's action follows:

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Act of 1933, particularly Sections 7, 10 and 19 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors and necessary for the execution of the functions vested in it by the Act, hereby adopts (a) Form S-12, For Registration Under the Securities Act of 1933 of Shares of Corporations Without Subsidiaries and Not More Advanced Than the Development Stage, and (b) Supplement to Form S-12 under the Securities Act of 1933.

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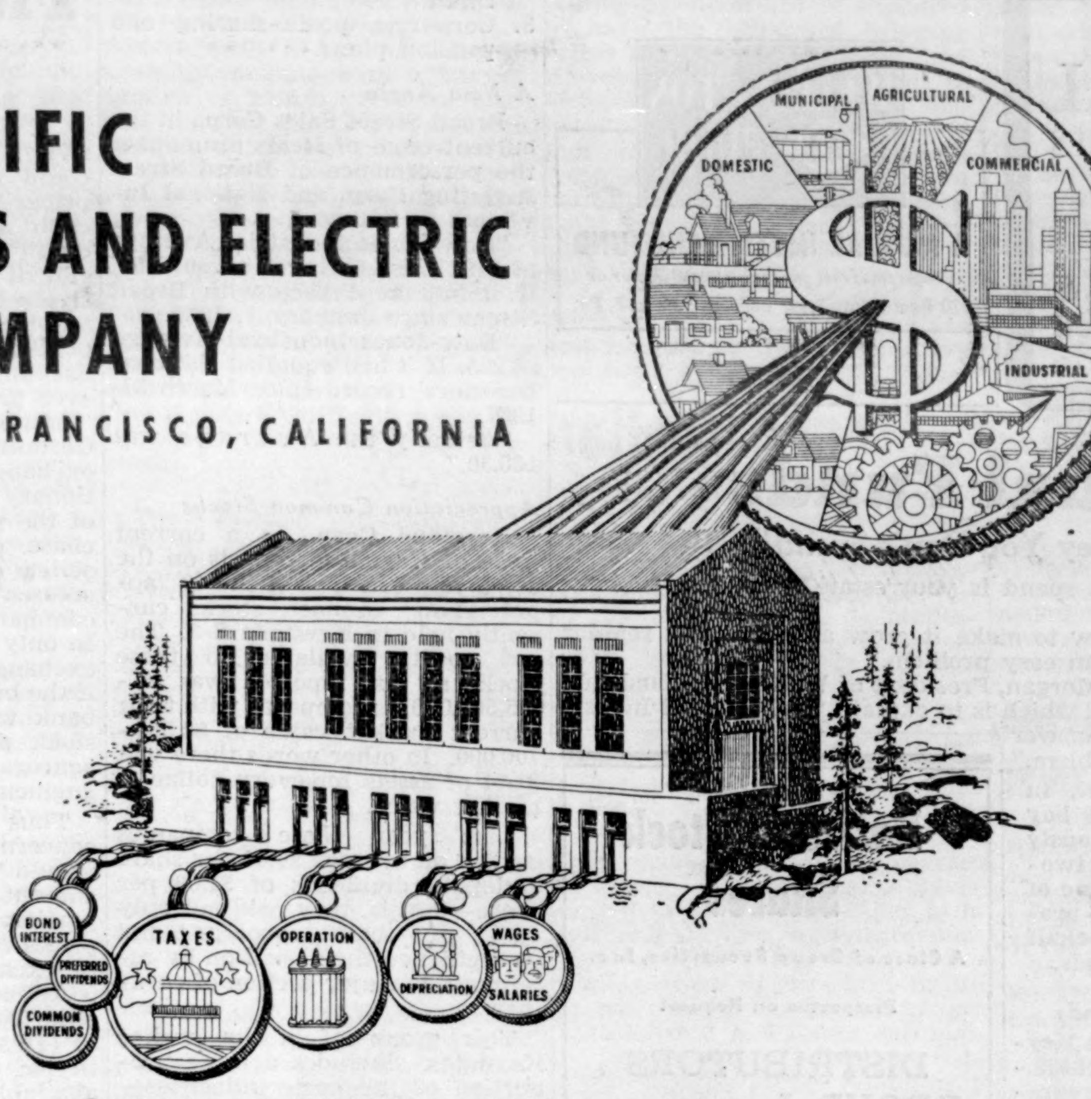
increasing, due largely to efforts of dealers not to come into conflict with the "5% philosophy." It was estimated that investment trust sales now constituted about one-tenth of the over-the-counter business.

Returning again to the obnoxious questionnaires, it was suggested from the floor that copies of these questionnaires should be sent to members of Congress so that they would have the means of judging whether they are in line with the Maloney Amendment to the SEC Acts. It was further urged that members, particularly in the New York District, keep their Congressmen posted on the matters of securities regulations, and that the NASD should have a Committee to appear before the SEC in protest against objectionable rulings. Mr. Phillips stated, in answer to this, that the Association, as yet, is in no position to be thus represented, though it has appeared at hearings before the SEC.

PACIFIC GAS AND ELECTRIC COMPANY

SAN FRANCISCO, CALIFORNIA



SUMMARY OF 1944 OPERATIONS

In few areas of the country has the course of population and industry been more vitally affected by war conditions than the territory served by this Company. Throughout 1944, however, the Company continued to meet all demands for electric service permissible under governmental regulations. All requirements of regular or firm gas customers were also supplied without reservation.

With the completion during the year of Pit Plant No. 5, with a capacity of 214,000 horsepower, the Company now operates 65 electric generating plants—52 hydro and 13 steam—with a total installed capacity exceeding 2,300,000 horsepower. Gas service is supplied through an extensive transmission and distribution system, including almost 9,500 miles of mains.

In 1944 the Company delivered to its customers more than seven and one-half billion kilowatt-hours of electric energy and one hundred twenty-five billion cubic feet of gas.

At the close of the year there were 1,818,250 meters in service, electricity being supplied to 1,039,427 customers, gas to 765,497 customers and water or steam service to 13,326 customers.

In the past five years sales of electricity increased 71% and sales of gas 79%, while the average unit selling price of both electricity and gas declined—electricity 19% and gas 20%.

SOURCES OF GROSS REVENUE

1944

Electric Department	$107,602,690
Gas Department	43,304,999
Water Department	522,742
Steam Sales Department	342,805
Miscellaneous Income	318,056
Total Gross Revenue	$152,091,292

DISTRIBUTION OF STOCK OWNERSHIP

DECEMBER 31, 1944

Men Stockholders	36,043
Women Stockholders	52,080
Joint Tenants	24,374
Trust Estates	5,460
Corporations, Partnerships, Insurance Companies, Banks and Other Institutions	3,118
Total Stockholders	121,075

SUMMARY OF CONSOLIDATED EARNINGS STATEMENT

	1944	1943
Gross Revenue	$152,091,292	$138,981,356
Maintenance, Operating Expenses, Taxes (except Federal Taxes on Income) and Provisions for Depreciation and Other Reserves	87,441,842	83,178,865
Gross Income	64,649,450	55,802,491
Bond Interest, Discount and Other Income Deductions	12,462,932	10,810,407
Net Income before Provision for Federal Taxes on Income	52,186,518	44,992,084
Provision for Federal Taxes on Income	*30,149,179	22,645,080
Net Income to Surplus	22,037,339	22,347,004
Dividends on Preferred Stock	8,409,851	8,409,820
Dividends on Common Stock	12,523,898	12,523,808
Balance	$ 1,103,590	$ 1,413,376
Earnings per Share of Common Stock	$2.18	$2.23
Dividends Paid per Share of Common Stock	2.00	2.00

*Stated on the basis of current operations, without giving effect to non-recurring tax savings incident to refunding operations.

Post War

The Company recognizes that efficient and successful operation requires forward building. We have that ever in mind, and expect to aid in the continued development of Northern and Central California by encouraging new industries to locate in the territory served, by cooperating with existing enterprises, and by aiding merchants and manufacturers in the solution of reconversion problems. Comprehensive studies are already under way to determine the character and extent of future markets for our services, the physical changes in our properties which will be required, and the opportunities for further improving our service to the public.

J B Black
PRESIDENT

Copies of the Company's 1944 annual report may be secured on application to E. J. Beckett, Treasurer, 245 Market Street, San Francisco 6, Calif.

NATIONAL
SECURITIES SERIES

Prospectuses upon request

National Securities &
Research Corporation
120 BROADWAY, NEW YORK, (5)

WELLINGTON
WF FUND

A MUTUAL INVESTMENT FUND
Prospectus from your investment dealer or
220 Real Estate Trust Building · Phila. 7, Pa.

Mutual Funds

"The Money You Don't Spend!"

"The money you don't spend is your estate, whether you have $1,000 or $100,000.

"How to protect it, how to make it grow and give you regular dividends has never been an easy problem."

Thus writes Walter L. Morgan, President of **Wellington Fund** in a new booklet, the purpose of which is to explain "how Mutual Investment Funds supply a new answer to this old and difficult problem."

Short and to the point, in language any high school boy can understand, and generously illustrated—this attractive, two-color booklet is certainly one of the finest pieces of sales promotion yet produced on behalf of Mutual Investment Funds.

New High for Keystone Funds

Combined assets of the ten **Keystone Funds** now exceed $130,000,000, a new high total representing an increase of approximately $25,000,000 since the first of this year.

Net assets of the **Speculative Common Stock Fund Series S-3,** increased from $4,523,892 to $7,573,179 during the six months ended April 30, 1945.

Net assets of the **Medium-Grade Bond Fund Series B-2** show an increase for the six months from $10,078,378 to $13,309,093.

Low-Priced Stocks—Now a Buy?

National Securities & Research Corp., in the current issue of **National Notes,** writes as follows: "Low-priced common stocks are fast movers percentagewise. If bought and sold at the right time, they pay big profits."

The memorandum then points out that low-priced stocks have lagged behind the market since the new margin rules went into effect on March 5 of this year. A "well rounded program" is suggested which includes four of the **National Securities Series** and provides an approximate return of 5%. **National Low-Priced Common Stocks Series** is included in this program in an amount approximately 16% of the total, with the balance of the investment divided up 23% in bonds, 11% in preferreds and 50% in other common stocks.

Railroad Stock
Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS
GROUP, INCORPORATED
63 WALL ST. · NEW YORK 5, N. Y.

Boston Letter

As a companion piece to the well-liked and widely-read **Brevits, Vance, Sanders** has introduced "The Boston Letter." Whereas Brevits covers matters of general interest to investors, The Boston Letter will confine itself to information and sales ideas for investment dealers who are members of the **Vance, Sanders'** selling group. Judging by the first issue, this new publication will make a substantial contribution to the advancement of sound, intelligent sales practices in the distribution of Mutual Fund Shares.

Fully Administered Shares

"Fully Administered Shares is the 'Balanced Fund' of **Group Securities'** 22 classes," writes **Distributors Group** in a covering letter on its up-to-date, revised folder and portfolio describing this fund.

It is reported that dealers are finding "a wide field of usefulness" for Fully Administered Shares, particularly among—

1. Small investors whose volume of business does not warrant frequent personal attention.
2. Trust accounts — large and small.
3. Corporate profit-sharing and pension plans.

A New Angle

Broad Street Sales Corp., in the current issue of **Items** dramatizes the performance of **Broad Street Investing Corp.** and **National Investors** as follows:

"Dow-Jones Industrial Average at 319. This is where it would be, if it had kept pace with Broad Street since January 1, 1930.

"Dow-Jones Industrial Average at 225. If it had equalled National Investors' record since March 31, 1937.

"Actually the Average was 168.30."

Appreciation Common Stocks

Keystone Corp., in a current issue of **Keynotes,** reports on the assets and earnings of the 40 "appreciation" common stocks currently held in Keystone S-3. The net equity available to these stocks as last reported was $4,655,500,000, as compared with their current market value of $2,565,700,000. In other words there was $1.81 of assets for every dollar of market value.

Last year these companies earned on average $4.60 per share and paid dividends of $1.89 per share—that is, they paid out only 40% of their earnings and strengthened their position by retaining the major portion of earnings.

This group of stocks, writes Keynotes, "includes a large proportion of the basic industries—great corporations that are now leaders in war production—and that may be expected to maintain a position of leadership when the war is won."

"Your $10,000"

In a neat little folder entitled "Your $10,000," **Knickerbocker Distributors** shows how a $10,000 investment in **Knickerbocker Fund** was diversified as of April 30, 1945. An accompanying mailing from **Karl D. Pettit & Co.,** investment counselors to Knickerbocker Fund, includes charts showing the record of the investment management of this fund since 1937 including all of the general market forecasts made during this period. In the words of the investment manager, "the record is a good one."

Reconversion Jitters

"No one can be sure just how much, if any, stock market reaction will occur during the transition period but it is certain that individual securities will be affected differently. Many bargains and investment opportunities may be presented. Other stocks may encounter serious difficulties. In view of the difficulty of selecting which individual stocks and industries to prevent loss and which individual stocks and industries to capitalize on the profit opportunities, a diversified investment list seems the best protection.

"In a Mutual Investment Fund such as the **Wellington Fund**, which owns 100 or more securities dividend not only among common stocks, but also among carefully selected bonds and preferreds, and further enjoys a long term experienced management, should be one answer to 'reconversion jitters' and the problems of these reconversion days."—From a current memorandum by **W. L. Morgan & Co.**

Mutual Fund Literature

National Securities & Research Corp.—Current Information folder on **National Securities Series** for June; memorandum of portfolio changes during May; revised folder on **Low-Priced Common Stock Series.** . . . **Selected Investments Co.** — Current issue of "These Things Seemed Important." . . . **Distributors Group** — Special month-end price comparison card on **Group Securities, Inc.** . . . **Lord, Abbett** — Composite Summary folder on Lord, Abbett sponsored funds for June. . . . **Keystone Corp.** — Current Data folder on **Keystone Custodian Funds** for June. . . . **Hare's Ltd.**—New folder on timing of investments in behalf of **Institutional Securities' Stock and Bond Group Shares.**

Dividends

Group Securities, Inc.—The following quarterly dividends payable June 30, 1945 to shareholders of record June 15:

Class—	Regular	Extra	Total
Agricultural	.08	.04	.12
Automobile	.045	.055	.10
Aviation	.13	.04	.17
Building	.055	.045	.10
Chemical	.04	.03	.07
Electrical Equipment	.06	.07	.13
Food	.07	.03	.10
Fully Administered	.055	.085	.14
General Bond Shares	.10	.15	.25
Industrial Machinery	.06	.06	.12
Institutional Bond	.09	.04	.13
Investing Company	.03	.17	.20
Low Priced	.065	.035	.10
Merchandising	.045	.075	.12
Mining	.03	.03	.06
Petroleum	.06	.04	.10
Railroad Bond	.045	.155	.20
Railroad Equipment	.05	.03	.08
Railroad Stock	.075	.025	.10
Steel	.05	.03	.08
Tobacco	.05	---	.05
Utilities	.03	.02	.05

Selected American Shares — A dividend of 19¢ a share payable June 30, 1945 to shareholders of record June 20.

Wellington Fund—A quarterly dividend of 20¢ per share payable June 30, 1945 to stockholders of record June 15.

The
Knickerbocker
Fund

for the Diversification,
Supervision and Safe-keeping
of Investments

Prospectus on Request

KNICKERBOCKER SHARES, INC.
General Distributors
Teletype NY-1-2439

MANAGEMENT OF
KARL D. PETTIT & CO.
20 Exchange Place
New York City 5

Keystone
Custodian
Funds

★

Prospectus may be obtained
from your local investment dealer or
The Keystone Corporation
of Boston
50 Congress Street, Boston 9, Mass.

The George
PUTNAM
FUND
of Boston

Prospectus upon request

Putnam Fund Distributors, Inc.
50 State St., Boston

The Economics of A Bull Market

(Continued from page 2607)

tivity. This effect, if it exists, could arise from the fact that prices of stocks are high or it could arise from the use of bank credit by the market. It is difficult, if not impossible, to conclusively demonstrate that the **price** at which Joe Smith sells his share of General Motors to John Doe has any **direct** relation whatsoever to what is sometimes called "legitimate" business activity. Certainly the effect of a simple exchange of stock is not inflationary since the mere transfer of the purchaser's ability to purchase consumers' goods to the seller of the stock neither increases nor decreases aggregate command over consumers' goods. In only one situation can such an exchange of stock be inflationary: if the buyer borrows funds from a bank with which to pay for his stock purchase. In such a case aggregate purchasing power is augmented.

Thus it would seem that the concern of regulatory authorities should be over the source and amount of funds used by market participants and not the level of prices at which shares happen to be exchanging at the moment.

Attempts to attain the stated objectives usually take the form of (1) setting limits to the quantity of credit that shall be made available to speculators or (2) limiting the size of traders' debit balances to a stated proportion of the value of collateral. Both of these methods are postulated upon a sort of quantity theory of money notion of security prices. This notion might be formally summarized as follows: Other things being equal, the level of stock prices varies directly with the quantity of cash or credit in the possession of speculators.

The purpose of this paper is to question the ability of regulatory authorities to stop a runaway stock market under certain circumstances and to describe the forces which can give rise to the circumstances which can send security prices soaring quite without reference to the quantity of purchasing power possessed by traders.

In the analysis that follows it is necessary to divide stock market participants into two groups: speculators and investors. Admittedly the difference between a speculator and an investor is not clear and distinct. Of necessity the terms allude to the attitude of shareholders toward the market. Investors are not inclined to participate in market trading; speculators are easily persuaded to do so. Investors are indifferent to minor fluctuations in quotations; speculators profit from them. A major rise in prices is required to induce investors to sell; a minor rise or fall is sufficient to create considerable speculative activity.

When those whom we have designated investors sell shares, they sell them for one of two reasons. Either they consider current quotations as a whole to be out of line with economic reality or else they prefer some other issue to the one which they hold. In the former case they sell their holdings for cash; and their market behavior has a tendency to depress prices, since it augments the floating supply of shares without increasing the demand. In the latter case their behavior has a depressing tendency on the shares which they sell and a buoyant effect on the shares which they buy so that as a whole the general average of stock prices is not materially affected.

Since a sizable fluctuation of security prices is required to induce investors to enter or to leave the market in any number, their customary market behavior has a tendency to influence the limits within which prices fluctuate rather than to fix the particular level of prices existing at the moment. Thus it follows that such quotations as may lie between the limits set by investors represent the terms at which the floating supply of stocks is being bartered back and forth between speculators. And these speculative swaps can occur just as easily at a high as at a low price level. Normally, however, investors are incined to enter the market as sellers when prices rise above certain levels and to enter the market as buyers when prices decline below certain levels.[1] While this is true, speculators cannot run the level of prices above or below the limits set by the nonparticipating attitude of investors.

This raises two questions of importance:

(1) To what heights is it possible for speculators to boost prices if investors are assumed to be disinclined to participate in market trading when prices get too high?

(2) To what extent are we justified in assuming that investors will not enter the market on the

---

[1] It is generally believed that the point at which investors enter or leave the market is related to current or probable earnings.

selling side when prices do get too high?

II

Obviously every share of stock purchased must be paid for sometime. The paying ability of speculators is derived from three sources. These are:

(1) Cash received from personal income, **i.e.,** wages, salary, rents, interest and dividends.

(2) Credit borrowed from banks, brokers, or from those who sell and allow credit balances to stand in their brokerage accounts.

(3) Stocks delivered to sellers as compensation for the shares sold.

The first of these is so obvious as not to require explanation. It is obvious also that the purchasing ability of speculators will be curtailed to some extent if they are prevented by stringent margin regulations from borrowing funds from banks or brokers. The debatable point relates to what is accomplished by such regulations. If the object of a more stringent margin regulation is to protect legitimate business from the possible harmful repercussionary effects of a future stock market decline, then the regulatory measure can perhaps be justified. However, more often the announced object of such a regulations is **to prevent prices from becoming unduly high.**

Margin requirements can not accomplish this last objective. Pronouncements of higher margin requirements may have a temporary psychological effect upon speculative activity, but if the forces that make a bull market are already marshalled, margin restrictions can neither stop the movement nor prevent prices from soaring to the levels that they are predestined by the situation to reach. The ineffectiveness of margin restrictions to control such situations arises from the fact that such regulations do not limit the third type of trading listed above: **i.e.,** the practice of buying stocks and paying for the purchase with stocks. This last practice is sufficiently novel to call for more extended discussion.

To illustrate how stocks are purchased with stocks, assume Smith to sell 100 shares of Aluminum Can on the market for **$67.** As a result he receives a right to withdraw $6,700. This right is ordinarily assumed to be a right to withdraw cash whereas in reality it is a right to withdraw **value.** The seller may at his option withdraw his **value** either in the form of cash or in the form of shares. Naturally he will choose to withdraw it in whichever medium he feels to be the most profitable. If he is convinced that the future course of stock prices is to be upward, the wisest policy would be to withdraw the value in shares. And **vice versa,** if he suspects that the future course of stock prices is to be downward, common sense dictates that the withdrawal be made in cash. In other words, the medium withdrawn in each case depends upon the withdrawer's notion as to future trend of prices.

If we view a stock exchange transaction from the viewpoint of the buyer, we discover at once that his ability to purchase stock is not limited by his ability to pay cash but by his ability **to pay what sellers want.** As long as the course of prices is upward, speculative sellers will want shares and not cash, so that buyers will find it easy to buy stocks and pay for them with stocks.

Hence, speculative trading in a bull market is largely a matter of stock swapping; and quoted prices at such times represent the quantity of this stock which speculators consider to be equivalent in value to a quantity of that stock.

Although it must be admitted that swapping among traders can be achieved as easily at a 10% lower as at a 10% higher price level, actual swapping is more apt to **lead** to higher than to lower prices. It is not the exchange **per se** that raises or lowers prices, it is the **attitude** of the exchangers. One who holds stock sets a value upon his holdings. The value so set is usually not lower than the price paid for the shares. If another trader sets a higher value upon the shares, an offer is made and an exchange occurs. If the bidding trader sets a lower value than that set by the holder, the shares are not available for exchange and no quotation results.

The motive behind swaps is a paper profit.[2] When purchases precede sales, profits can result only if prices rise. As long as a possibility exists for a higher bid to materialize, a shareholder will be exceedingly **reluctant** to sell at a lower figure. Under these circumstances to acquire shares a buyer must bid as much as sellers are asking. Except therefore in unusual technical situations, exchanges will occur only at successive higher prices.

In the illustrations used above, the buying and selling activity of each trader was assumed to occur simultaneously. This does not often happen. In actual practice a trader who wants to purchase United States Steel and to pay for it with his holdings of General Motors purchases the steel either **before** or **after** he sells his motor stocks.

If he chooses the former, he will be obligated during the interval between the purchase and the later sale to pay to his creditors in the transaction an amount **in value** equal to the price of the steel stock at the moment he acquires it.

In order to visualize such a margin purchase, assume United States Steel to be quoted at **64** and General Motors at 32. This is equivalent to saying that two shares of G.M. are equal in value to one of U. S. Steel. Suppose now that a trader who possesses 200 shares of motor stock is anticipating a shift to U. S. Steel common. He places an order to buy 100 shares of steel, the order is executed and his account is debited for $6,400. His debit balance is secured by 200 shares of General Motors and 100 shares of U. S. Steel common. The debit means that he is obligated to pay to traders with credit balances **6,400 dollars in value.** From the assumption we know that he anticipates paying this value in the form of **General Motors stock.**

Should he choose to settle immediately, he could do so by delivering 200 shares of General Motors, since current quotations for this stock offer positive evidence that traders with credit balances are willing and anxious to take 200 shares of it in settlement of a $6,400 debt. By delaying his settlement, he is gambling on the continued willingness of creditors to take General Motors at its current quotation. If the course of industrial activity is improving, his creditors may become so anxious for settlement of the debt **in stock** that they will offer to accept less than 200 shares in full settlement. Perhaps they will offer to take 150 shares. If so, it would mean that they are bidding 42⅝ for it as compared with their previous bid of 32. On the other hand, if business should fall off, creditors may not want to take the stock at any price. They may actually demand **cash.** If so, our margin trader must either offer such terms as will persuade creditors to take stock rather than cash or else he must deliver the cash. He will begin by offering to settle on the basis of 250 shares being equal to $6,400, which is another way of offering General Motors for sale at 25⅝. If this concession in price does not prove to be enough, he will be forced to suggest even better terms, say 400 shares, as being equal to $6,400, **i.e.,** $16 a share.

If a trader buys stock before he sells his present holdings, he obligates himself to pay his debt at some future date with whatever number of shares creditors may then demand. The risk he assumes in doing this is that creditors will demand **more** shares than they are currently demanding. His compensation consists in the possibility that creditors will demand **fewer** shares in the future than they are now demanding. Thus when investment participation in market activity is absent, stock quotations will rise or fall according as speculative buyers find it easy or difficult to pay for the stocks which they buy with stocks.

III

The function of investment trading, as stated earlier, is to prevent security prices from moving to levels which by comparison to economic conditions are too high or too low. The discussion just preceding demonstrated how speculators are able, when investors fail to perform their functions properly, to run prices up or down to any level without the aid of bank credit and in spite of the most stringent margin requirements. Our next problem is to discover the extent to which investors may actually refrain from selling when quotations set by speculators in the manner described get out of line with economic reality.

In the early stages of an industrial revival, the per share earnings of most corporations increase, and this in turn justifies higher share prices. At such times a tendency seems to exist for prices to outrun earnings. When this occurs, those who take the investment attitude toward stocks are encouraged to liquidate. This selling by investors is supposed to have the effect of bringing prices back in line with earnings. However, if the improvement in business continues, those who disposed of their holdings because they thought current quotations were out of line with current earnings soon find their action to have been unprofitable because the continually increasing earnings later justify the prices which they considered to be too high. Seeing the shares which one has sold because he thought the price too high quoted at still higher prices later is unpleasant, and for lack of a better term might be called an "experience of lost profits."

During a long drawn-out period of business improvement, any investor who follows the conservative policy of selling his holdings whenever current prices get out of line with earnings is predestined by events to receive a whole series of "experiences of lost profits." As a result sooner or later he will come to the conclusion that **to remain out of the market for any length of time is a serious and costly error.** Once investors and speculators become convinced that this is true, they must choose between two courses of action. One of these is never **to sell at all** and the other is **to sell only if they anticipate purchasing some other issue immediately.** Now if investors refuse to sell when prices get out of line with current and future earnings, no force remains to hold prices to a traditionally proper relationship to earnings. At such times investors have become speculators and by so doing have removed the only effective brake on soaring prices. In such event an uncontrollable bull market may get under way and continue to run wild until selling for cash occurs. When this comes, a refusal of the banks to supply the cash will only precipitate a violent reaction.

IV

The conclusions to be drawn from this analysis are not that restrictions on stock market speculation are without effect. It is, rather, that the effects of such restrictions are often radically different than those which the promulgating authorities expect. Thus when investors and speculators are uncertain about the soundness of the existing price level, a change in margin requirements may precipitate a reaction, but it will be one that was slated to occur sooner or later in any case. But when investors and speculators do not entertain doubts as to the fundamental soundness of an existing price level, such regulatory measures are apt to prove futile.

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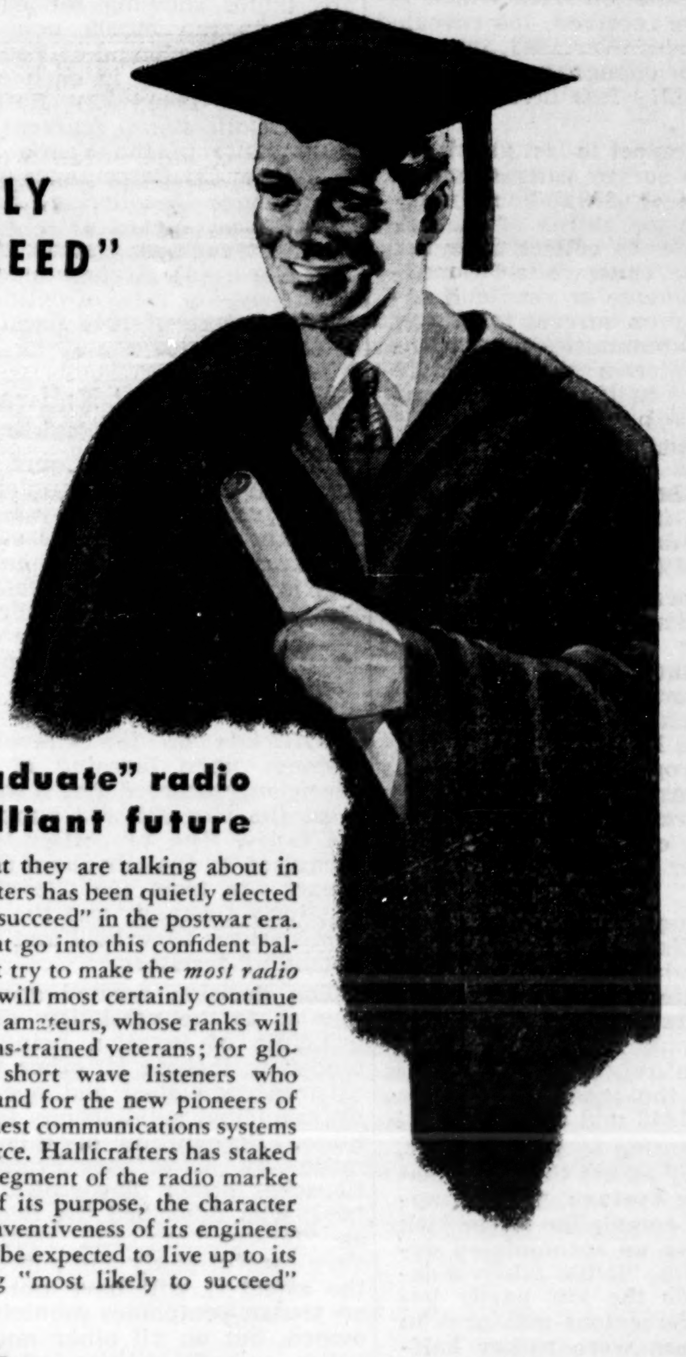
[2] Of course each "swapper" intends to redeem his stock in cash at some undetermined future date when the values resulting from the swapping process get very high.

McKee Adds Huddell; Miller Trading Mgr.

PITTSBURGH, PA.—George W. Huddell has been appointed manager of the investment fund department of C. S. McKee & Co., Union Trust Building, members of the Pittsburgh Stock Exchange.

Mr. Huddell was tri-state representative of Standard & Poor's Corporation for the past twelve years.

Michael N. Miller, recently discharged from the U. S. Army, has been made manager of the trading department. Mr. Miller is well known in Pittsburgh trading circles.



The "post-graduate" radio with the brilliant future

● By many who know what they are talking about in the radio business, Hallicrafters has been quietly elected the radio line "most likly to succeed" in the postwar era. There are many elements that go into this confident balloting. Hallicrafters will not try to make the *most radio* sets in the country. But they will most certainly continue to make the best—for radio amateurs, whose ranks will be tripled by communications-trained veterans; for global-minded, discriminating short wave listeners who want nothing but the best; and for the new pioneers of the universe who need the finest communications systems for land, sea and air commerce. Hallicrafters has staked out a claim to a particular segment of the radio market and because of the clarity of its purpose, the character of its management and the inventiveness of its engineers the company can confidently be expected to live up to its selected reputation as being "most likely to succeed" in postwar radio markets.

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WORLD'S LARGEST EXCLUSIVE MANUFACTURERS OF
SHORT WAVE RADIO COMMUNICATIONS EQUIPMENT

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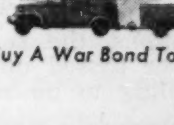
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7th War Loan

TRIPP & CO. INC.
40 Wall Street, New York Telephone WHitehall 3-6742

Municipal News & Notes

The favorable impact of the war economy on the finances of local governments is graphically illustrated in the data in the report just issued by the Municipal Service department of Dun & Bradstreet, Inc., on the "Trend of Tax Delinquency, 1930-1944."

This document, an annual compilation which was initiated in 1932, includes a series of tables which make it possible for the reader to determine at a glance the tax collection experience of cities in the 50,000 or over population group during the depression 30s, the subsequent recovery period and in light of the substantial contribution made by war conditions in the local financial picture.

In discussing the record for 1944, the survey states that this marked the 11th consecutive year that American cities bettered their record in the collection of current property taxes. Illustrating this development is the disclosure that of 177 cities of over 50,000 population from which reports were received, 158 revealed improvement over 1943, three reported to change and 16 indicated slightly less favorable records.

With respect to last year's results, the survey calls attention to the effect of war-boom prosperity on the ability of the nation's cities to collect their tax revenues. Thus, while the median percentage of year-end delinquency on current tax levies for 150 communities of over 50,000 population was no more than 3.9% in 1944, as compared with 4.73% in 1943, the comparable figure as recently as in 1939 was 9.25%. For further contrast between boom and depression, it is recalled that the median delinquency for 1933 was 26.35%.

One aspect of the analysis that is particularly interesting is that pertaining to the rapid strides made by the cities "in clearing up the abnormal accumulation of arrears which marked the acute period of the 1930s depression." Although progress had been made in this respect during the late 30s, the trend was markedly accelerated co-incident with the changeover in 1939 to a war economy.

According to the Dun & Bradstreet statistics, the median ratio of accumulated tax delinquency for 139 cities at close of their last fiscal years to the levy for that year was only 18.7%. For similar, but not entirely identical, groups of cities, the median ratio was 21.5% in 1943 and 48.4% in 1935.

Commenting on these figures, the survey makes the point that while the average city has approached completion of the task in clearing up accumulated delinquencies, "It has taken a decade to do the job, partly because enforcement measures in many areas were rather half-hearted and ineffectual."

Although the expanded national income during the war period has afforded cities a wonderful opportunity to clear up chronic delinquency situations, the survey notes, many have passed up the chance and, failing to do so in advance of the post-war adjustment period, "may find that it is too late to salvage assets which now have potential value."

In connection with this phase of the local economy, it should also be said that the great number of cities whose tax incomes have been greatly swollen in past years by virtue of their ability to collect long-overdue taxes should necessarily bear in mind that the elimination of this potential source of income may possibly occasion budgetary difficulties under normal conditions.

This is particularly pertinent in the case of those communities which, in managing their fiscal affairs, fail to give proper weight to the transitory nature of much of large income from taxes occasioned by heavy payments of delinquent taxes.

By way of emphasizing the scope and contents of this latest edition of Dun & Bradstreet municipal tax collection survey, there are tables showing for each of cities in the 50,000 population group (1) The Trend of Year-End Tax Delinquency in each of the years 1930-1944; (2) Ratio of Total Collections (current and delinquent) to the Year's Levy, 1935-1944; (3) Percentages of Recent Levies Uncollected, End of Last Fiscal Year, with special comment such as amount of tax title liens; (4) Accumulated Delinquency, i.e., ratio of delinquent taxes at close of 1944 fiscal year to the year's levy.

Cleveland Street Railway Property Ruled Taxable

The Ohio Supreme Court ruled on June 7 that the municipally owned street railway system of the City of Cleveland is subject to taxes on the ground that the city is "engaged in a private enterprise for profit," and therefore the property could not come within the constitutional exemption of property used for public purposes.

Officials of the Cleveland system, upon learning of the decision, estimated that it would cost the city $250,000 annually in taxes. The properties were acquired by the city about three years ago from the Cleveland Railway Company and the systems serves Cleveland and sursounding territory.

The decision created speculation as to the possibility of the principle of taxation being extended to include all other types of property owned and operated by municipal subdivisions in the State. Recognition of this was made by Governor Frank J. Lausche, former Mayor of Cleveland, who described the decision as "far-reaching and requiring very careful study and survey of the effect it will have not only on transit companies municipally owned, but on all other municipally owned utilities such as light, water, steam, etc." Mention also was made of the possibility that municipally owned utilities might be made subject to the Ohio corporation franchise tax and to the State's 3% utility excise tax.

The City of Cleveland issued a total of $17,500,000 transit revenue bonds in connection with the purchase of the system. As a result of excellent operating results, the debt has since been reduced to less than $10,000,000 and the latest debt operation occurred in November, 1944, when an issue of $2,000,000 1½% refundings were awarded to a group composed of McDonald & Co., Braun, Bosworth & Co. and Merrill, Turben & Co.

These bonds, due semi-annually from 1945 to 1952 incl., and optional, were part of a total authorized issue of $9,310,000, and it was announced that the balance of the bonds were to be absorbed by the Cleveland Transit System, the City Sinking Fund and the City Treasury. Purpose of the entire issue was to provide for the redemption of previously outstanding higher-coupon callable debt.

West Virginia Asks Bids on $4,769,000 Local Municipals

A newcomer to the field of portfolio sales is the State of West Virginia, which is asking for bids until June 20 on $4,769,000 bonds of its local subdivisions which are now held by the State's Workmen's Compensation Fund. The offering includes 125 individual lots, with the bonds in each instance being general obligations of the respective political divisions.

It is the intention of the State to invest proceeds of the sale in bonds of the Seventh War Loan. Bulk of the bonds included in the offering bear interest rates of 5% and 5½% and, in the majority of instances, the amount involved is less than $50,000.

New Jersey Wins Rail Tax Suit

Another chapter in the lengthy controversy regarding delinquent taxes owed to the State of New Jersey by the railroads operating within its borders was written on June 11, with the ruling by State Supreme Court Justice A. Dayton Oliphant that any payments made by the carriers must be applied first to the interest due on taxes for any specified year and then to the principal.

The action was instituted by the State and the opinion also held that all interest owed by the railroads from 1932 to 1941 must be computed at the rate of 12% a year and that none of it could be figured on the 3% annual basis as set forth in the 1941-1942 railroad compromise act. The five roads which were parties to the suit owe about $12,000,000 in interest alone.

Various municipalities in the State have a substantial financial interest in the matter and, in particular, Jersey City, whose stake is approximately $16,000,000.

Port of New York Authority Model for Similar Bodies In Other Cities

Among the various pieces of literature that have come to the attention of this department in the past few days is a reprint of the extremely interesting address made by Austin J. Tobin, Executive Director of the Port of New York Authority, before the Union League Club of Chicago, early in April.

Mr. Tobin appeared before the group under the auspices of the Public Affairs Committee and its Committee on Postwar Projects for Chicago. The purpose of his talk was to illustrate how the Port Authority, which was created in 1921 by a compact between the States of New York and New Jersey, has largely corrected New York's terminal problems and to show the way to solution of the similar problems now confronting Chicago.

Back of Mr. Tobin's formula was the quarter-century experience enjoyed by the Port Authority during which period, as he pointed out, the agency has issued an aggregate of $466,000,000 bonds for new projects or refunding purposes and has expended over $240,000,000 on the construction of new port facilities.

Mr. Tobin traced in detail the history of the operations of the Port Authority and set forth the work and accomplishments of the bi-State body "as examples of what Chicago may expect from a port and terminal Authority of its own."

His analysis and recommendations are additionally pertinent in light of the recent approval by the voters of Chicago of the creation of a Transit Authority for the purpose of acquiring for public ownership and operation the local transit system.

While this project has been "on the fire" for quite some time, the action of the city's electorate and other developments, including the recommendation in favor of municipal ownership by the Illinois Commerce Commission, suggests that definite action in the matter is not too far off.

Prominent banking houses previously advised the city of their interest in possibly competing for the securities that the authority would be obliged to issue in order to finance the program.

Saskatchewan Surplus of $2,216,025 Indicated

Preliminary figures show that the Province of Saskatchewan ended its fiscal year on April 30 last with a surplus of $2,216,025.61, it was announced by Provincial Treasurer C. M. Fines on June 9. Revenues and expenditures for the period were reported at $34,116,569.96 and $31,900,544.35, respectively.

The continued stability of provincial revenues, Mr. Fines declared, will result in the redemption, without refunding, of the $2,250,000 4½% bonds due on July 2, 1945, and payable in New York funds. This will be the first debenture maturity to be redeemed in full in cash by the province in many years.

The Treasurer also disclosed that the sinking funds increased by $7,081,136.17 in the recent fiscal year, the total now being $31,000,477.19 as compared with $23,919,341.02.

Economic Problems of Peace

(Continued from page 2611)

are doing does not lie alone in the amount of money that is raised. Even more important is the way that money is raised. In fighting total war money is less important than machines, and it can be manufactured more easily. It can be manufactured by a mere stroke of the pen. But to finance the war that way would be unadulterated inflation. It might serve to finance the war for a time, but it would gravely jeopardize the peace.

The national goal is to raise one-half of this great war loan out of the savings of individuals. Thus you are working not only to win the war but to lay the foundation for economic stability after the war. Only with economic stability can we realize the promise of a lasting peace.

Conditions of Lasting Peace

So it is appropriate, I think, to talk with you briefly about some of the things that need to be done if we are to achieve economic stability and lasting peace in the world.

It will not be enough to crush Japan militarily, as Germany has been crushed. Enduring peace cannot be won on the battlefield alone. Nor will it be won alone by the establishment of the world organization which is now being hammered out in San Francisco.

Real peace will only be achieved if the nations of the world can live and work together in mutual respect and confidence.

In the last World War we were also victorious in the field. But the end of armed conflict did not bring peace. War continued in a different form — the battle royal of economic warfare. It was every nation for itself and devil take the hindmost. In that economic war, stupidity played a greater role than malice. The blind blows struck were aimed unwittingly at friend and foe alike.

Prohibitive tariff barriers, failure to settle the problems of war debts and reparations, a struggle for self-sufficiency, led on to currency breakdowns, competitive devaluations, quotas, exchange restrictions, clearing agreements and a progressive descent into authoritarian controls over every aspect of international commerce.

Here was a grim game which weakened and divided the nations which carried high the banner of freedom, while the totalitarian aggressors grew bold and strong.

We all know it is playing with dynamite to repeat these errors of the past. Yet that dynamite already exists. We must recognize that we will emerge from the present war with many wartime restraints on international trade in effect and with many countries impelled by dire necessity toward the establishment of a whole new system of restrictions and controls. In other words, we will end this war with many nations using the implements of exchange restrictions, export and import controls and other authoritarian devices which appeared at the very end of the last period of peace. The vital question is, where do we go from here?

Most of the countries of Europe have been impoverished. The wholesale destruction of their industrial plants leaves them in desperate need of imports at a time when they have little to export in exchange. Inevitably such a condition is likely to encourage measures of self-protection to limit and control foreign trade.

Britain's Position

The position of Great Britain is particularly significant. She will emerge from the war weakened by the loss of a large part of her foreign investments and owing an enormous short-term debt abroad. Much of her industry will need rebuilding; her foreign trade has been disrupted and her shipping partly destroyed. At the same time she is in need of large imports of food and raw materials. The problem of Britain is serious. It is serious for us as well as for the British, because restoration of a strong and prosperous Britain is essential to world recovery.

Before the war, traditionally free trade Britain had been forced to turn to protection and to a system of Empire preference. Now billions in blocked sterling are owed to India, Egypt and the Dominions. The urge toward Empire preference is stronger than ever and an influential section of British opinion has urged the creation of a tightly knit sterling bloc within which trade would be encouraged to the exclusion of non-sterling nations.

Almost everywhere we look—to the British Empire, the Low Countries, the Scandinavian nations — the dangers of renewed economic warfare in the years ahead are great.

U. S. Policy

We in the United States, France and other nations will emerge from the war with overwhelming power — financial and industrial. We shall have a gigantic, burdensome internal debt.

But, nevertheless, we shall have great power. Inevitably the rest of the world wonders how we will use that power. We, beyond all other nations, have the capacity to produce quickly the machinery and goods which virtually every nation will desperately need. There is no question of the huge demand for our exports that will exist. The great question is whether we are prepared to accept payment for these goods in the only sound way that payment can be made — by taking in exchange the goods and services of other nations.

If that question is left long in doubt, then, inevitably, we shall see our present allies seeking to protect themselves by import quotas, currency blocs, blocked currencies, and all the freedom menacing machinery of economic war.

I am not one of those who believe that we have in this country a "mature economy" in the sense of an economy that has lost the capacity to grow and expand under a system of private enterprise. But I do think we have become a mature country, capable of playing a wise and mature role in the community of nations.

I take it we are agreed that we do not intend to see the world fall back into the conflicts and antagonisms of ultra-nationalism. Certainly, speaking for the Republican party last year, and consistent with its platform, I made it very clear that I stood for no such proposition. Equally clearly, the Democratic party stands for no such proposition. The American people have made clear their determination to join with other nations in a world organization to maintain peace. But real peace cannot be achieved merely in the political field. The causes of international strife go deeper than mere unprovoked military aggression. All the work being done at San Francisco will mean tragically little if economic conflict is to divide the nations.

Our primary objective is to secure peace and prosperity for the United States. But we know that we cannot live alone in the world. Certainly we cannot obtain the healthy, vigorous economy we seek if the rest of the world is sick. We seek an economy of abundance with full opportunity for employment and a rising standard of living. A broad, flourishing trade among nations is essential to the establishment of peace and prosperity in the world. This in turn is essential to our own goal of high level employment and a rising standard of living under a system of competitive free enterprise.

U. S. Must Lead

In the achievement of these ends the United States must take the lead. Our preponderant economic power makes us the nation which can make the most effective contribution to economic peace and can best afford to take the lead.

How shall we do it? Certainly no single step or action will do it. Many, if not most, of the controlling factors are in the hands of other nations. The United States has never, in peace times, taken to government controlled cartels, exchange controls and restrictions, the widespread use of quotas or dumping. These are the handicaps to trade which other countries must lead in removing.

But there is much we can do. High tariffs are one barrier we ourselves can lead in reducing, as we have done in recent years and as we shall continue to do under the renewed Reciprocal Trade Agreement Act when the Congress completes action upon it. Beyond that, our country should initiate a world conference for general tariff reductions. Such a conference ought to develop a program for the speedy removal of war-time trade controls and other barriers to the exchange of goods and services among nations. None of these measures can work only one way. This must be a two-way street and serve the primary interest of our own people, or it will not work and will not continue to be supported at home. There are other serious barriers to world-wide economic recovery, including problems of exchange and of uneconomic debt, some of which still remain as a legacy of the First World War.

Remove Inter-Government Debts and Trade Barriers

The 25-year-old foreign government debts to the United States arising from World War I will never be paid because they cannot be paid. We should be honest and intelligent enough to say so officially and cancel them. Along with this should go an immediate repeal of the Johnson Act which forbids private loans to governments and nations now in default on these debts remaining from World War I.

Efforts should begin at once toward settlement of the Lend-Lease obligations arising out of this war. Every action to this end should, in accordance with Article VII of the Mutual Aid Agreements, be directed to the expansion of production, employment and the exchange and consumption of goods; to the elimination of all forms of discriminatory treatment in international commerce and to the elimination of other trade barriers.

It is an essential part of the Lend-Lease agreement that the terms and conditions of final settlement shall not be such as to burden commerce, but to promote mutually advantageous economic relations. In carrying out this program it may well be that we shall have to cancel a major part of the financial obligations under Lend-Lease. We are entitled to ask in return that our partners shall fully live up to the other part of their obligations by eliminating barriers to commerce and promoting the betterment of world-wide economic and social relations, as well as the cause of freedom of the individual, for which this war is being fought.

Favors Bretton Woods

As a part of this whole program the United States should join in the Bretton Woods proposals for the establishment of an International Monetary Fund and International Bank for Reconstruction and Development. I recognize fully the imperfections of the Bretton Woods plan. The ablest brains of our country were excluded in its preparation and, in many respects, it was a clumsy job. The greatest danger is that this plan may be considered a final solution to the problems of money, credit and trade. It should be obvious that it provides no final solution but merely a method and an organization through which men can work toward solutions.

If the United States were to look upon Bretton Woods simply as a method stimulating exports or if other nations were to consider the Fund merely an easy method of obtaining American goods, nothing but disillusionment would follow. But the prolonged debate and the important amendments procured at the insistence of the minority in the House Banking and Currency Committee have already lessened this danger. The interpretations which the American delegates are to obtain will greatly clarify the functions of the Fund and the Bank. They will mean that the Fund is to be confined to strictly monetary stabilization and may not be used for relief, reconstruction or other long-term capital requirements, while the Bank will be equipped to make general stabilization loans. These interpretations are essential if the plan is to be a success.

A further important safeguard is provided in the proposal to give the Fund and the Bank a common board of governors. The success or failure of this plan will depend upon the management of the Fund and the Bank. The various member nations will need to appoint as their representatives men of ability and sound judgment. We would not be justified in abstaining from the proposals for lack of faith in the willingness of ourselves and other nations to appoint such men and it is essential that we go forward with it.

Stabilization of Dollar-Sterling Rate

Moreover, I see no reason why an effort should not immediately be made by the United States and Great Britain for the long-term stabilization of the all-important, dollar-sterling rate. We must begin now to pick up at least part of the pieces from the wrecked London Economic Conference of 1933. An overwhelming preponderance of world trade is carried out in these two exchanges—the dollar and the pound sterling. If once the relative value of the pound sterling and of the dollar is settled, the most important step that can possibly be taken toward the ultimate establishment of world-wide currency stability will have been accomplished. Cooperation between the British and ourselves must be a corner-stone in any program of world economic revival.

These are merely some of the measures which should be taken to lay the foundation for economic peace. We cannot expect that all of the difficult economic problems left in the wake of two world wars will be solved in a few months. I have said before, that when the war is over we shall have to wage peace with all the vigor and energy with which we have waged war. We are learning at San Francisco just how hard we must wage peace even to launch upon it. Just as the United States has taken a leading part in the solution of the political problems of lasting peace, so it must take a leading part in the solution of economic problems.

It does not lie wholly within our power to make certain that the world of the future is a world of active trade, expanding commerce and broadening opportunity. But it does lie within our power to block such a development if we fail to assert the leadership which our strength and prestige demands. In our own self-interest we should take the lead in promoting the trade which is the life-blood of our standard of living, our enterprise system and our individual freedom.

I cannot think of any group better equipped to take leadership in these problems than the men and women who are leaders in our war financing work. As you push forward in the drive for individual war bond subscriptions, you are thinking not only of the weapons that money will buy, you are thinking of the billions of savings securely invested for the future, of the safeguards against inflation and the foundations of economic stability thus erected. You are helping the fight for victory over Japan. You are also helping the fight for an American future of broader opportunity, greater individual freedom, higher standards of living and greater security. We want that kind of America and we want that kind of a world.

Revoke Registration

The Securities and Exchange Commission has revoked the over-the-counter broker-dealer registration of Hay, Fales & Co., New York, for violations of the Securities Exchange Act in connection with the execution of brokerage transactions for customers on orders placed in their behalf by R. C. M. Page. Mr. Page was not a registered broker-dealer but "held discretionary authority over a number of investment accounts and customarily used registered houses in effecting transactions for the accounts."

Because the "major patter" of of the company's conduct "is one of carlessness and misunderstanding rather than of evasion," the revocation has been ordered effective in fifteen days without prejudicing the firm's right to reapply for registration thirty days thereafter. The Commission did not suspend the firm's membership in the New York Stock and Curb Exchanges or the National Association of Securities Dealers, Inc., although it disqualified the firm from membership in the NASD during the effective period of the revocation.

The Commission stated that Mr. Page's activities acted as a fraud upon certain customers and it held the firm responsible for continuing to execute his orders for customers' accounts without disclosing the facts to the customers. Mr. Page was not a member or employe of the firm, but had office space with it in exchange for taking his clients' accounts to it.

Hytron Radio & Electronics Corp.
Common Stock

Prospectus on request

HERRICK, WADDELL & CO., INC.
55 LIBERTY STREET, NEW YORK 5, N. Y.

The Securities Salesman's Corner

By JOHN DUTTON

How about the ladies? Today the greater portion of our investment wealth is held by the feminine brigade. If you do not have a sizable proportion of women clients today—you are the exception to the rule.

We have often heard securities salesmen remark that they didn't care to handle women's accounts. Not that they had any predjudices against the ladies—the Lord forbid—they just felt as if it was too much trouble and they didn't want this business. Possibly it does mean that women talk about different things than do your men customers—maybe they are difficult at times—but there is plenty of business to be had among the fair sex and the results achieved by several leading firms who have opened a women's department proves it to be so.

The other day we had a chance to question one of the street's most capable women on the subject of how to handle women's accounts with a minimum of headaches and a maximum of efficiency. This little lady has the honor of founding a women's department that handles about $60,000,000 of active accounts and her opinions on the subject should have some value.

First point — don't think you can take hold of the average woman's account and start to do business the same as you would in the case of an experienced male investor. You must spend some time on education. Build up the fundamentals of investment—tell her about what you are trying to help achieve with her investments. When a woman sees an over-all picture and understands her goal your chances of running into misunderstandings are substantially minimized.

Point number two—women really like to gamble, even more so than men. When they take a flyer they often shoot the works. The important point here is to impress the fundamental truth upon their minds that they are going to be a lot better off in the long run through taking smaller profits and not try to take the top eighth out of a market swing. Let them know that you are going to play the investment game on a more careful and cautious basis. Then if something you have sold out of her account moves up after you have disposed of it—you can allways remind her that "it's better to be safe than sorry".

Point number three—Do the little things that build confidence. A woman who believes in her broker or dealer is even more loyal than the average man. That's the way she has selected her doctor or her lawyer. Once you have her confidence your opportunity for radiation is far greater with the average woman's account than with men. She is proud of her connections both socially, professionally and in business—if you are doing a good job you'll find out that before long you will have some telephone calls from her friends.

Point number four—don't talk about her affairs to others. It's a good rule at all times but when it comes to the women—keep mum! The things the average man wouldn't think important can be of great significance to some women. Her hair-dresser, her tailor, her parties or her friends may all be your business when she tells you about them—but brother, forget that you heard it as soon as she leaves your office.

The rest is just common sense—sell good securities that are fitted to meet her requirements—have patience and be a good listener and our little lady who told us these things ain't foolin', she's proved that "there is gold in them there frills".

American Fruit Growers Inc., Com.
Arden Farms Co., Pfd. & Com.
Fullerton Oil Co., Com.

Wagenseller & Durst, Inc.

Members Los Angeles Stock Exchange
626 SO. SPRING ST. TRINITY 5761
LOS ANGELES 14
Teletype: LA 68

Market Quotations and Information on all California Securities

The New York Stock Exchange—World's Greatest Auction Market

(Continued from first page)

New York Stock Exchange, and he jestingly answered, "I suppose the New York Stock Exchange has *some* merit."

And that's the way so many folks size up anyone who has anything to do with the New York Stock Exchange.

In some gatherings you say proudly that you are a member of the New York Stock Exchange, but there have been times when a Wall Street stockbroker, a plutocrat of Wall Street, has not been so highly regarded.

FDR Praise

In the spring of 1942 when the New York Stock Exchange celebrated its 150th birthday, the following letter was read:

> "Since the original group of 24 brokers joined together in 1792, to *improve the market* in securities, the role of the Exchange and its responsibilities in the financial affairs of the nation have steadily increased. Just as the Exchange was then able to render an important service to the public and to the nation, so today it has the opportunity of performing valued services in the present struggle for human freedom. The continuation of an orderly market will be of vital importance during the war and during the period of readjustment that will follow. You have an opportunity for great service and I am confident that in this you will not fail."

Now, this letter was written by none other than the late Franklin D. Roosevelt, President of the United States.

That an orderly market has been maintained during the war and will be continued during the period of readjustment cannot be gainsaid.

War Bond Campaigns

Since the war bond campaigns began in 1941, about $55,000,000,000 of War Bonds have been listed for purchase and sale on the New York Stock Exchange; and today some 55,000,000 persons have bought United States War Bonds.

Whenever a new war bond campaign is launched, you will find that those entrusted with the responsibility of its success and those entitled to the greatest measure of praise for its success are among the leading financiers of the country. You seldom see their names in print, but you do see in the newspapers and you do hear over the radio many of Hollywood's glamours—and God bless them—who sell the E, F, and G bonds for a kiss or a dance or some monkeybusiness. Now, all such sales are needed, and total millions, for the individual purchases are woefully under quota, but at the same time, without ostentation, praise or profit, the commercial banker, the investment banker, the broker and members of the New York Stock Exchange are selling billions—God bless them, too—for without them, God save the nation! And they are doing it without reward, financial or otherwise.

Historical

During George Washington's first term as President of the United States, the first United States Congress met at Federal Hall, the scene of his inauguration. When this Congress voted an $80,000,000 bond issue, the Revolutionary War debts of all the states were consolidated. Not long afterward, these bonds, or "public stocks," as they were then called, attained fairly wide distribution among investing citizens. The stocks of three banks also found favor as investments, and soon various merchants were accepting orders from friends and relatives for the purchase and sale of these available securities.

These were the days when America's founders, Washington, Jefferson, Hamilton, Madison, and Franklin laid the foundations for America's place among the nations of the world.

To fill the growing demand for a free and open market for these and other securities, a market in which the buyer and the seller could both enjoy the advantages of dealing on an auction basis, 24 merchants organized themselves into a group by subscribing in 1792 to the famous "Buttonwood Agreement." This agreement called for the adherence by the signers to certain simple rules in the handling of orders entrusted to them. Thus, New York had its first organized stock market under a buttonwood tree, on the site now occupied by the building known as 68 Wall Street. Here was established a market that was destined to become the center of securities transactions for the nation, and to influence world finances.

Trading was done under the famous buttonwood tree until the brokers rented their first indoor quarters in the Tontine Coffee House at Wall and Water Streets, in 1817. Here they adopted a constitution, and the title "New York Stock and Exchange Board" was later contracted to "New York Stock Exchange." Several years later, when the first Merchants Building was built, the Stock Exchange moved to this location.

Railroads were first added to the trading list when "Mohawk and Hudson" was admitted. This was in 1830, when Morris Canal stock was a market leader.

Tragedy struck at New York when 650 buildings, among them the Merchants Building, the home of the New York Stock Exchange, were destroyed by the great fire of 1835. The Exchange moved several times in the next few years, until eventually the second Merchants Building was occupied. Here the "call" system of trading was introduced.

Under the "call" system, the President of the Exchange would call out the names of the stocks in alphabetical order, pausing to allow trading in each issue. The year 1882 saw the last of this type of trading in stocks and the substitution of continuous trading in all listed stocks at the same time. This was accomplished without the benefit of a presiding officer, but the principles developed under the "call" system are still employed.

The chairs used by the members were the original "seats" on the Exchange and that term is still used to denote a membership. The choice seats near the President's rostrum were valued highly by the members. "Seats" were voted saleable in 1868, three years after the Stock Exchange moved to its present location. A seat on the New York Stock Exchange is today worth $65,000. They sold as low as $20,000 during the depression.

Development

As the nation was constantly pushing forward, transportation, industry and communication all required capital for progress, and thrifty Americans supplied it by their purchase of new securities. You have seen this happen in your own day. Money has been publicly raised for such inventions or enterprises as the automobile, radio, transportation, electric refrigerators, air conditioning, mail order merchandising, etc. After the war, money will be publicly raised for television, plastics, new gadgets, new medicines, and many other new inventions. It has been revealed that the Army and Navy are using 100 new inventions made by civilians, most of which will no doubt be available for public use in the post-war period, all of which will require new capital investment. In its early years, the rapid expansion of the nation's productive capacity through invention and initiative, brought an ever-increasing demand for new capital, and it was the auction market of the New York Stock Exchange that provided the liquidity, the market place for the purchase and sale of securities, needed to encourage the flow of money to new ventures.

New inventions were also speeding up the services of the Exchange. One of Edison's many contributions to progressive business was the development of the stock ticker which made possible the immediate publication of transactions. Prior to the ticker's installation in 1867, messengers raced through the Wall Street district to announce the latest prices.

The annunciator board for paging members was introduced in 1881. The trading post started its development as a group of chairs around which specified stocks were traded. The posts used in the present building, opened in 1903, originally had space for approximately 30 stocks. Today the posts have been improved and enlarged, each accommodating between 60 and 70 stock issues, and space is available also for clerks within their enclosures.

Buyers and sellers, unknown to each other, are brought together through the agency of their brokers on the Exchange floor, and both have the advantage of a free and open auction market. For the convenience of customers, various services, such as financial news tickers, statistical manuals, records of companies' earnings, dividends, etc., etc., are available in the offices of member firms. It is not necessary to be in a broker's office to enter an order; many orders are received by telephone. In fact, 85% of the business done on the floor of the New York Stock Exchange comes from outside New York City.

The volume of business fluctuates daily, sometimes wildly, when some buyers think values have no upward limit, and also when frightened sellers look into the bottomless pit of a threatened depression.

In January, 1945, the daily average number of shares traded on the Exchange was 1,500,000, while in January, 1944, the daily average number of shares was 712,000.

The money value of both stocks and bonds traded on the Exchange in January, 1945, was $1,461,563,000, and in January, 1944, it was $758,767,000.

From the small beginning under the famous buttonwood tree, dealing in only a few securities by 24 brokers, the business has grown to the largest market place for securities in the world, with a membership of 1,375, and dealing in the securities of 1,125 different companies, of which 1,242 are stocks and 1,057 are bonds. There are 3,000 people on the floor to handle an average day's volume. In a 1,800,000-share day, there would be approximately 100,000 transactions, or about 50,000 investors active in that day. On the floor there are: 504 commission brokers; 170 floor brokers; 370 specialists (broker's broker); 105 representatives of Odd Lot house dealers; 35 floor traders; 60 members who trade only in bonds in a separate trading room. There are also approximately 1,240 brokerage offices spread through 328 cities in 45 states.

The World's Greatest Auction Market

Figures of daily transactions are often more than one million shares of stocks, and eight to fifteen million dollars in bonds, all of which are published with totals and summaries in the daily newspapers. Within half an hour of the closing of the market, the evening papers are on the streets of New York with records of the day's transactions.

The New York Stock Exchange is the world's greatest auction market.

Auction markets have existed since the dawn of civilization.

The early sailing vessels landed cargoes from Europe and the Seven Seas at our ports for public auction, and sailed to foreign ports throughout the world to repeat the operation abroad, just as our bay and river craft today bring produce and fruits and fish to the city docks for public auction.

To this day, farmers get up long before daybreak and take their produce to the nearby towns and cities wherever population is crowded, generally in manufacturing centers, and await the sunrise for the housekeepers to reach the marketplace where they make their purchases for money. Once these purchases were through barter, that is, exchange of goods for produce and other foods. It has always been the custom for one person or group of persons to buy from and/or sell to another person or group of persons. That is what makes business. In some places it is called commerce. It is that thing which makes jobs; and only through jobs for everyone able and willing to work, whether it is 60,000,000 more or less, can we avoid inflation and depression, and can modern civilization be contented and happy—perhaps the greatest contributor to indefinite prolongation of the post-war peace era.

And so, since 1792, the method of buying and selling ownership in railroad, steamship, steel, manufacturing, insurance, bank and other business enterprises and corporations, evidenced by stock and bond certificates, has been by auction. "I bid so and so," says the man or his representative, his broker, who wants to buy. "I offer at so and so," says the man or his representative, his broker, who wants to sell. When there is a meeting of the minds, one simply says "Sold" and that's all there is to it, excepting the clerical handling of the multitudinous details, until payment for securities and delivery of same. And all of this makes jobs in addition to advancing the wheels of free competitive enterprise.

Why the New York Stock Exchange

I have heard uninformed people say there is no need for the existence of the New York Stock Exchange.

There is just as much reason why the New York Stock Exchange should exist as Grand Central Railroad Terminal in New York:

or the Lexington Market in Baltimore;

or the Union Stocks Yards in Chicago;

or the Leaf Tobacco Market in Wilson, N. C.;

or the fruit, vegetable and other food markets and commodity markets where all kinds of produce and merchandise are sold at auction markets, both retail and wholesale, throughout the country.

Adam Smith said: "A value of a security is adjusted finally not by any actual measure but by the higgling and bargaining of the market."

Some Surprising Statements

No American institution is more basically democratic in its concept than the New York Stock Exchange, nor are the functions of any institution so generally misunderstood. We had a rather startling example of that in 1939, when Elmer Roper conducted a poll of 5,000 people on behalf of the Stock Exchange This was not a picked group—it represented 5,000 normal American citizens—a cross section of the public. Of this 5,000, 40% believed that the Exchange itself dealt in securities. Perhaps some of you think so. Well, it does not. The poll also showed that 40% were convinced that if they lost money the Exchange made it. What do you think? Well, it does not. Also, 24% believed that the Stock Exchange dealt in wheat. What do you think? Again, it does not. Another small percentage associated the word "stock" with the Chicago stockyards.

Some believe the certificates for securities are handled by the New York Stock Exchange. That is not true.

You have heard of the visitor to the New York Stock Exchange who asked the guide: "Where's the menagerie? Where do they keep the bulls and bears, and lambs, and cats and dogs?"

Let me repeat, the New York Stock Exchange is the world's greatest auction market, a market place, nothing more, nothing less. It is a market place wherein through authorized agents who are known as stock brokers, and who collect a small commission for their services, one may exchange money for securities, or securities for money, in a free and open auction market where the price is regulated simply by the law of supply and demand. The faithfulness of the broker or agent in the execution of his customer's order is guaranteed by the publicity given the transaction through the medium of the Stock Exchange ticker; and the only interest that the Exchange has in the price is that it shall fairly reflect the composite judgment of the buyers and sellers at the time.

There is no business in the world that is so carefully safeguarded or regulated as the stock exchange business.

There is no other business in the world in which millions and billions of dollars of values are traded by word of mouth and not by written contract, except to confirm verbal transactions.

The rules and regulations of the New York Stock Exchange are most rigid; and the slightest irregularities are constantly checked by the Securities and Exchange Commission. The old law of "*caveat emptor,*" "let the buyer buyer beware," has been changed to "let the seller beware."

The Stock Exchange is a market place wherein are purchased and sold what we may well call partnerships in America.

The Number of Holders of Securities

It is thought by some folks that the existence of such a market place as the New York Stock Exchange is of importance to relatively few people, but when we realize that there are estimated some 20,000,000 holders of stocks and bonds in this country today, and that the securities listed on the New York Stock Exchange alone are currently valued at approximately $155,000,000,000, the importance of this institution to American economic life becomes more apparent.

Here are a few corporations with their number of stockholders:

American Telephone & Telegraph Co.	651,711
General Motors	423,780
Pennsylvania Railroad	211,116
United States Steel Corp., com.	165,013
Standard Oil Co. of New Jersey	147,300
Packard Motors	114,256
Woolworth	73,538

Some of the corporations whose common stocks are listed on the New York Stock Exchange and which have been paying cash dividends continuously for more than 50 years are:

Pennsylvania Railroad since	1848
Continental Insurance Co. since	1854
Pullman, Incorporated since	1867
American Telephone & Telegraph Co. since	1881
Standard Oil Co. of N. J. since	1882
Procter and Gamble since	1891
The Coca Cola Co. since	1893

Misconceptions

There is considerable misunderstanding on the part of the public of the purpose and functions of security and commodity exchanges maintained in New York and other cities of the country. An effort was made by the Better Business Bureau to clear up the more common misunderstandings.

Contrary to the belief of many—

1. The same care is given to an order from a city distant from the exchanges as to an order in the exchange city itself.
2. The small buyer gets the same consideration as the larger buyer.
3. Government bonds can be bought and sold on stock exchanges.
4. Securities and commodities are purchased for investment as well as for speculation.
5. Security exchanges are controlled by their members and operate under supervision of the Securities and Exchange Commission. Commodity exchanges are controlled by their members, and important ones are supervised by the Commodities Exchange Administration, a division of the U. S. Department of Agriculture
6. The Securities and Exchange Commission, which supervises securities exchanges, does not undertake to pass upon the value of securities, nor upon the character of the management of an issuing company.
7. Members of securities exchanges do not control "practically all the big business in America."
8. When the public loses in the market, exchanges do not profit from such losses.
9. Exchanges do not buy or sell for their own account.
10. Neither exchanges, nor their members, fix or determine security or commodity prices. Stock prices are not set by "Wall Street." Prices are arrived at after a free and open auction. They are determined by the public demand for certain securities and the supply for sale of these securities by the public.
11. Exchanges do not recommend what to buy or sell.
12. No part of the proceeds of a transaction goes to an exchange. The revenue of exchanges for their operating expenses comes from dues, $750 for a main office and $700 for each branch office annual membership; assessments such as 1% of net commissions; and revenue from listing fees paid by corporations whose securities enjoy an exchange market; and from clearing house charges, etc.
13. In all transactions on an exchange, an exchange member is not a principal dealing with his customer, but an agent working for his customer.
14. Under normal conditions, delivery of purchased securities is made between brokers on the second full business day following the transaction day. Such delivery usually is in what are known as "street certificates." A delay of several days may be necessary for the broker to have the title on such securities transferred into the name designated by the purchaser.
15. The commission paid to a member of an exchange for executing an order is fixed and known in advance and is but a small fraction of the amount of the money involved.
16. Secret transactions are not permitted on the exchanges. Every transaction must be public.
17. Exchanges do not tolerate manipulation of the market or the making of artificial prices. On the contrary severe penalties have been incorporated in the rules of exchanges and in laws applying to exchanges for any one guilty of these foul practices.
18. Although also used by speculators, the "futures" market on commodity exchanges primarily serves an economic purpose for farmers, cooperatives, merchants, manufacturers, and others in affording them means by which they can reduce or eliminate "speculation" in business and insure themselves against speculative losses.
19. Member firms are examined regularly by the New York Stock Exchange. These examinations are as rigid and thorough as you can imagine—all to see that the firms so conduct their business and are financially sound, that the public is as safe in doing business with them as can be humanly safeguarded.

The New York Stock Exchange is the Nation's primary marketplace for securities, and the public has every right to be proud of it as an institution with a long record of usefulness in providing facilities for the financing and development of the country. Without it, we surely would still be living in the "horse and buggy" days. With it, we shall advance to higher standards of living.

We shall need the continued leadership of the New York Stock Exchange if we are to resume and maintain our American system of competitive free enterprise in the post-war period.

I cannot conceive how chaotic conditions would become if we had no such place as the New York Stock Exchange where securities may be bought and sold under strict supervision. Our present "black markets" in foodstuffs would indeed be picayune in comparison.

Speculation

Let me say a few words about speculation.

I know that very many people associate the New York Stock Exchange with speculation, and, especially those who have lost money speculating, will not have anything to do with the New York Stock Exchange because, they contend, it is a den of speculators, gamblers, a den of thieves.

I have seldom spoken before any group of people on a subject relating to stocks and bonds that someone has not asked me such questions as "How's the market?" or "What's a good buy?" or "Won't you take $1,000 or more from me and *invest* it for me?" Such persons really do not mean *invest;* they mean *speculate*.

One Sunday morning several months ago a young Army officer stopped me as I was leaving church and asked me for the names of some books he should read that would tell him how to make money in the stock market. Well, I just smiled and tried to talk to him in a "fatherly" way.

Sometime later I ran across the following paragraph on playing the stock market which I wish I had had when my young Army friend spoke to me.

> "If you are ready to give up everything else—to study history and background of the market and all the principal companies whose stocks are on the board as carefully as a medical student studies anatomy—if you can do all that, and, in addition, you have the cool nerves of a great gambler, the sixth sense of a kind of clairvoyant, and the courage of a lion, you have a Chinaman's chance."

Now, there is a clear line of demarcation between investing, speculating and gambling. But please bear in mind that you can gamble in the world's safest security, United States Government Bonds, as easily as you can in the so-called "cats and dogs." It all depends upon the intent, the state of mind. Let me illustrate: There's quite a difference between taking a life accidentally and taking a life with premeditation and malice aforethought. You may be pardoned for the first offense, manslaughter, but you would hang for the latter, as that would be murder.

Perhaps the greatest speculator on earth is the farmer, the man who plows his field, spreads it with fertilizer, buys and plants seed on credit, and then depends upon nature's sunshine and rain and his own hard labor to produce good crops. How often he loses! And sometimes, as I read in a New Jersey newspaper the other day, the farmer buys "Worthless Fertilizer Sold Door to Door." Reminds one of worthless securities often sold door to door.

You business men, whatever may be your business, increase your inventory, borrow money on it from your bank, and send out your salesmen or your catalogues to your customers, hoping to sell your goods at a profit. Isn't that speculation? I'll say it is.

The late President Hadley of Yale University said "Commercial speculation is sometimes analagous to insurance and sometimes to gambling. In the former case, it is said to be legitimate; in the latter, it is said to be illegitimate."

Or, as a leading bank president in Baltimore once said, "If you lose in the stock market, you are a gambler; if you win, you become a capitalist."

Some speculators become mad with profit, become wild speculators and deteriorate into gamblers.

Without speculation, without the willingness and incentive to take risks, there would be no progress.

Unfair Practices

Something may be expected about pools, tips, manipulations, market rigging and other illegal and unfair practices designed to deceive the gullible public. It cannot be denied that operations on the New York Stock Exchange have often been conceived and delivered in dishonesty and the public has become as a shorn lamb. As much can be said of other businesses and the professions. This will always be so to some extent as long as man is vile. It may be said, however, that so many correctives have been devised that the public is less subject than ever to malpractices in securities bought and sold on the New York Stock Exchange. Some of the alert big policemen are:

- The New York Stock Exchange itself
- The Securities and Exchange Commission
- The National Association of Securities Dealers
- The Better Business Bureau
- The inherent common honesty of the individual members of the New York Stock Exchange, which, in the final analysis, is the greatest guard against dishonesty.

I think I can say without fear of contradiction that today a person is as safe, so far as business honesty and integrity and fair dealing is concerned, in dealing with members of the New York Stock Exchange, as in dealing with any other businessmen.

Mr. Emil Schram, President of the New York Stock Exchange, recently said he was gratified to note that there was not a single intimation of stock manipulation on the floor of the Exchange, and that no one, including the Securities and Exchange Commission, is more bent upon keeping manipulators out of the stock market than is the Exchange. "We simply don't want people trading here who look upon the 'Big Board' as they would the pari-mutuel board at a race track," Mr. Schram emphatically declared.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CLEVELAND, O.—**Edwin W. Cummer** has become associated with **The First Cleveland Corp.,** National City Bank Building. Mr. Cummer was previously with Otis & Co.

(Special to The Financial Chronicle)

CLEVELAND, O.—**Lorette C. Dore** is connected with **Stranahan, Harris & Co., Inc.,** Hippodrome Building. Miss Dore in the past was with Ledogar-Horner Co.

(Special to The Financial Chronicle)

COLUMBUS, O.—**Robert Hamilton** is affiliated with **The Samuel & Engler Co.,** 16 East Broad Street.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Mark A. Knox** is with **Herrick, Waddell & Co., Inc.,** 1012 Baltimore Avenue. Mr. Knox was previously in military service.

(Special to The Financial Chronicle)

LONG BRANCH, CAL.—**Harry Stowell** has become associated with **Crowell, Weedon & Co.,** Farmers & Merchants National Bank Building. Mr. Stowell was previously with H. R. Baker & Co. and Franklin Wulff & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Albert O. Nelson** is with **G. Brashears & Co.,** 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Harold F. Brown** has joined the staff of **Walston, Hoffman & Goodwin,** Bank of America Building. Mr. Brown was formerly with First California Co., H. R. Baker & Co. and Bankamerica Company.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Mrs. Florence A. Bertram** is with **Dean Witter & Co.,** 634 South Spring Street.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**Fred Erbin Young** is affiliated with **Thomson & McKinnon,** 18 Wall Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL.—**Herbert A. Krueger** has been added to the staff of **Hannaford & Talbot,** 519 California Street. He was previously with H. R. Baker & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL.—**A. W. Carne** is with **E. H. Rollins & Sons, Inc.,** Russ Building.

(Special to The Financial Chronicle)

WEST PALM BEACH, FLA.—**Thomes A. Lysett** is with **Thomson & McKinnon,** 319 Clematis Street. Mr. Lysett in the past was with Oscar Burnett & Co. in Greensboro, N. C., and with Elder & Co.

When Will Japan Surrender?

(Continued from page 2607)

many declared war upon us and still have an agent in Shanghai. I, further, have always been interested in American missions in both Japan and China. I, however, am basing my present forecast upon something else which may seem very unimportant to many readers. I refer to the fact that my personal house-servant is Japanese, born near Tokyo. He has lived with us day and night for 20 years and was preceded by a cousin who was with us for seven years. Hence, I know the Japanese temperament.

It is true that certain Japanese who descended from a famous old Prince have the "hari kiri" religion. These few will commit suicide rather than surrender. They now serve as human bombs. They, however, make up but a small portion of the Japanese people who, as a whole, are human like ourselves, actuated by the same motives. A Japanese soldier will live on very little food. This he can carry on his back. They are tough physical specimens. Hence, it costs the Japanese only 20% to support their army of what it costs us to support an American Army. But what of this? Japan has less than 20% of our resources.

Japanese soldiers will fearlessly obey orders and follow a blueprint; but when something which they have not planned for happens, they are lost. As a nation they are wonderful copyists, but they lack originality. They had every movement of this war planned and charted before Pearl Harbor. Everything went according to plan in connection with Thailand, Indo-China, Burma, the Dutch East Indies and the Philippines. Then something happened to their blueprint!

During the past year their plans have been of no use and they have suffered accordingly. In my own household, I can give a wonderful banquet for 20 people if I give my Jap a week to prepare it, but if I bring home one person to dinner for whom he has not planned, he is completely upset. They prosper on success; but cannot stand failure. Hence, I feel certain that their collapse will be only a question of months.

What Does This Mean?

All the above means that the global war will be over before most people expect it. It will be over before all of the boys in Europe have a chance to get to the Pacific. Except in special departments, the casualties will be light. Most of the boys may be home before Christmas.

The above means that reconversion will steadily continue throughout the year and some time during next year we will be going full-blast on consumer production. A few excellent years of business with higher stock prices should follow. Furthermore, if we play fair with Russia, Joseph Stalin should be one of our best friends so long as he lives. Upon his death, it is very possible that Russia will be split up or suffer civil revolution. Then she surely need not be a menace to the British Empire, to China or to ourselves.

Hartford Bond Club Elects New Officers

HARTFORD, CONN.—The following officers and governors have been elected by The Bond Club of Hartford for the coming year beginning July 1:

President, John H. Beardsley, Conning & Company and Ballard; Vice-President, Charles Gould, First Boston Corp.; Secretary, Willard A. Snow, Jr., Lee Higginson Corp.; Treasurer, Edward F. Dustin, Day, Stoddard & Williamson, Inc.; Governors, (three-year terms), George Austin, G. L. Austin & Co., and Marshall Williams, Day, Stoddard & Williams; (one-year terms), Arthur Smith, R. L. Day & Co., and Oliver Church, Tifft Brothers; non-resident, Victor Basche, Blyth & Co., Inc.

In addition to the above governors, H. H. Whaples, Whaples, Viering Co., is also on the board, having previously been elected for a term which has not expired.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2610)

Right now however there are conflicting influences.

* * *

For one thing the question of tightening up the capital gain taxes keeps popping up. At present the profit made from a sale of a stock held for six months is subject to a maximum income tax of 25%. If you take your profit in less than six months it comes under regular income. But under the proposed regulation you may have to hold your stocks for a year or more before you can figure on using the capital gains tax rates. That such a system would hurt the businessman who seeks capital investment and has to come to the market to get it is blithely ignored.

It is logical to assume that saner minds will realize the ridiculousness of some of the legislation proposed, if logic were an attribute possessed by our legislators. That, however remains to be seen.

* * *

Meanwhile hold on to your stocks. At least they look okay. To keep the record straight advice is as follows: Jones & Laughlin bought at 29 has a stop at 30. U. S. Steel bought at 56 has a stop at 65 and U. S. Rubber bought at 56 has a stop at 57.

* * *

No new stocks to be bought —yet.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Compulsory Peacetime Military Training

(Continued from first page)

extended to the end of the war and such emergency period as may follow immediately upon the conclusion of hostilities —and nothing more be done in the matter either now or at any later date save as a result of altered conditions which clearly require action.

Common Misunderstandings

Those who argue the desirability of compulsory service for the sake of the benefit youth is likely to derive from it seem to us to be suffering from a misunderstanding of facts, and to be possessed of a much greater faith in the efficacy of a year of camp life than we can summon. President Roosevelt once spoke of the proportion of men rejected under the present law for medical reasons as "appalling." Some such term has been used repeatedly for several years to describe the health conditions found among the youth of the country. Now, what are the facts? Admittedly, the number of youths found to have "neuro-psychiatric tendencies" was greater than any one, including the medical profession, had expected. Otherwise there was nothing particularly outstanding or unexpected in the results of the examinations as given. Of course, against any standard of perfection numerous physical ills were likewise found to exist, but this was known to be true, was true in World War I, and doubtless has been true since the world began, not only in this country but everywhere on the globe.

It is rather the nervous disorders, or the tendency to them, found so prevalent which has caught the public eye. As to these let it be observed that never before have the great rank and file of the youth of this country been subjected to such searching examination. In 1917 no such techniques had been developed. There is, therefore, no standard except perfection by which to measure these results. There is no reason whatever for supposing that equally startling results would not have been found in 1917, or that the situation found in this country did not exist in equal degree in such foreign countries as Germany, France, or Russia, where universal military service has been the rule since time out of mind. Assuming reasonable effectiveness of the examinations as given, we appear to have developed a technique by which we can often detect in advance the individual who will "crack" first when fearful pressure is brought to bear upon his nervous system. It may be that we should be giving thanks for this scientific advance rather than deploring its findings. To be sure, no one has ever supposed that all men are equally resistant to such pressures. Individual differences are perfectly normal. In many instances the disabilities causing rejection by army medical tests are significant only in relation to the peculiar strains of war.

Just Human Beings, Perhaps!

It may be that some of the "abnormalities" found are in fact deviations from ill-conceived norms. Those whose adult memories extend back to World War I may not have forgotten what a sensation was caused at that time by the results of "intelligence tests" given for the first time to a full cross-section of the male population within certain age groups. Many will recall the headlines which from day to day informed us that a very large percentage of the rank and file of the youth of the country had been found to be moronic! Of course, the matriculate knew, as the public was later to learn, that the yardstick (constructed on previous rather limited knowledge of homo sapiens) was at fault. It would not be surprising if we are now learning not so much how American youth deviates from "normal" as what the true "normal" is.

At any rate, it is difficult to see how the record, whatever it is, can be used to support proposals such as are now being made for universal training, military or otherwise. The conditions complained of are either congenital and beyond remedy at birth or else an outgrowth of experiences of early years. Life in a military camp is not likely to be of great benefit. If what is desired is an opportunity to seek out individuals so afflicted—if affliction it is—for the purpose of giving them treatment, that objective surely can be reached very much more effectively and less expensively than by universal compulsory military training.

Would It "Do Them Good"?

The vague, if popular, idea that "a year of military training would do the youth of the country good" is found upon examination to be equally without solid foundation. Doubtless a certain percentage of the youth of the country would benefit from such training or service, but there are a great many who would not, and who, for that matter, would suffer from it. Experience has shown all too often that this sort of regimentation and discipline imposed from without not infrequently unfits rather than fits youth for civilian life. It appears to be assumed rather than demonstrated that improved morale, patriotism or unity would flow from compulsory service. It could as reasonably be assumed, we suspect, that out of it would flow the kind of aggressive super-nationalism that has so often upset the peace of the world.

The plea for compulsory military training on these grounds appears to us to be a confession that the family, our religious, educational and other cultural institutions have failed, and once again to demonstrate too great a willingness to pass our common problems over to a Federal Government with a rather naive supposition that it can do for us what we have failed to do for ourselves. Such attitudes nourish Statism.

Military Necessity?

We likewise find numerous weaknesses in the arguments which are being put forth in support of the theory of military necessity. We suspect that many people, under the spell of the horrors which have filled the news columns during the past year or two, have not paused long enough to apply plain common sense to the question in hand. We are told that we were caught by surprise when Germany and Japan went on the rampage this time, and warned how much more damage might be done next time when many varieties of new weapons will have been perfected and when the science of aviation probably will be much further advanced.

Well, can any one doubt that Germany, when she started out under Hitler to defy the rest of the world, could have been brought quickly enough to heel by France and Great Britain had they acted promptly and vigorously with what arms and armies they then had? It was something other than lack of armament or trained men which permitted Hitler to get his start. Trained men and standing armies, no matter how large and powerful, cannot take the place of the kind of statesmanship which could very easily have nipped all this business in the bud. Now we have defeated and disarmed Germany and are resolved to disarm Japan when that country has been thoroughly defeated. Italy has long been rendered harmless. It can scarcely take a huge army to keep these countries disarmed. That will henceforth be done or not depending upon considerations which have little to do with the size of armies in the other countries of the world.

Protection Against Whom?

Where else in the world is there a power or group of powers which within any reasonable stretch of the imagination could become a sudden and serious threat to us? Obviously, only among our present allies, and among them only Russia appears to be within even reasonable possibility of becoming such an antagonist. France may well presently regain her position as a great power, but she is hardly likely to develop in a way or in a degree to constitute any danger to us. It is not likely that Great Britain will maintain any system of compulsory military service after the war, and if she did, it is not easy to conceive of her as a likely or very effective antagonist of the United States—certainly not one which would develop into a threat over night in such a way that we should not have ample time to prepare for any reasonable contingency.

This leaves Russia. The Soviet State under Stalin has in recent years shown a noteworthy tendency to become "imperialistic," it must be admitted. But it is hardly probable that Russia and the United States—assuming that we even halfway mind our own business—should collide in any such way as to cause armed conflict between the two countries, and until Russian sea might is infinitely greater than it is now, it would be about as difficult to understand how she could constitute a serious threat to us. What is more, Russia would have so much to do before she had reached the point of threatening us seriously that we should have more than ample time to prepare for whatever comes. And, finally, whether or not we have compulsory training and a large, trained military reserve would make no difference in the course of relations between Russia and the United States.

This would seem to leave no reason whatever for the elaborate, expensive and un-American system of peacetime compulsory military training and service that is being proposed. With all countries which might otherwise undertake another sneak attack upon us thoroughly impotent and kept so easily without an elaborate militarism in this country, and with no other country either with a motive or ability to perpetrate such a dastardly deed, there would be no place from which these Orson Wells instruments of death of which we are being daily warned could be launched.

But upon closer analysis, these accounts of flying death from heaven knows where without warning, even if they are taken seriously, do not themselves afford a valid argu-

Comments of House Committee Members on the Boren Bill

(Continued from page 2606)

ment from each member. Expressions now available are as follows:

REP. LEONARD W. HALL
New York

The Boren Bill to exempt municipals from SEC control is absolutely essential legislation if we are to prevent grave injury to municipalities, bond purchasers, and also dealers in these securities. There is no question but that injury would be done to the investing people and to the various States and municipalities in the marketing of new and existing issues if SEC rule is not eliminated. The evidence before the Interstate and Foreign Commerce Committee points to the serious lessening of competition that would be effected if SEC controls are not eliminated. There is little doubt that the small primary and secondary dealers would eventually be put out of business. The attempt by the SEC to exert control is also, in and of itself, illogical and inconsistent, singling out, as it does the dealer class.

Leonard W. Hall

Unless municipal bonds are exempt from SEC controls, we will get a lowering market for municipal bonds which will be felt throughout the entire country. In addition, we will be bound to get a sharply increased spread in the final sale price in the secondary market which, in turn, would have a directly unfortunate effect on primary sales by municipalities.

The quicker we pass the Boren Bill and remove the threat now being wielded by the SEC over the municipal bond market, as well as the States and municipalities themselves, the better for the country as a whole.

REP. J. PERCY PRIEST
Tennessee

All along I have been in favor of exempting municipal securities in accordance with the purpose of the Boren Bill. However, the language of the bill left the door wide open for a great many other exemptions. That I would not favor. But I hope that the Committee will soon vote to provide the certainty of exemption of municipals from the regulatory provisions.

Neither I nor anybody else would insist on doing away with prosecutions for fraud, but I believe that fraud is well taken care of now under existing statutory law. I am confident that in a reasonable time the Interstate and Foreign Commerce Committee will report and the House will approve this Boren Bill.

REP. VITO MARCANTONIO
New York

I am opposed to the Boren Bill. I opposed it in committee. I am opposed to it, even with the amendment offered. It is going to open up the door to fraud, because it would deprive the SEC of the definitive power in the field of fraud in connection with municipal securities. The bill introduced by Congressman Boren on May 4, HR. 3129, does not cure the objections.

Vito Marcantonio

REP. EDWARD A. KELLY
Illinois

I do not want to impair the selling of bonds of States and municipalities, and representatives of municipalities testified before the Committee that under the SEC setup such selling is impaired. I was one of the members of Congress who sat on the Committee which originally created the SEC for the purpose of preventing fraud, and I have not changed from that position. However, when the Committee meets again on this matter, there are some items that should be clarified. There has never been to my knowledge any instance of fraud in my section of the country in the disposing of municipal bonds.

REP. JOSEPH P. O'HARA
Minnesota

I feel that Congress should declare a policy which emphatically prohibits the interference of the SEC with the lawful sale by State and municipal governments of their bond issues but excepting therefrom the element of fraud, so that the investor is protected. Moreover, I feel that further control should be exercised by Congress over the SEC, so as to eliminate thoughtless harassment and to encourage lawful protection of the industry.

Joseph P. O'Hara

REP. LUTHER PATRICK
Alabama

I think the legislation should be passed in some fashion. It is my belief that the bill will soon be reported out, when we are through with amendments. In other words, the Committee will recommend to the House passage of an amended bill.

Luther Patrick

REP. CARL HINSHAW
California

The Boren Bill as originally introduced would have exempted not only municipal securities but also all other securities. When the bill is amended so as to apply only to municipal securities, I am in favor of it.

REP. EVAN HOWELL
Illinois

I favor the Boren Bill as introduced. The power to define fraud is a Congressional power and it should remain with Congress. The SEC's proposed rule, since withdrawn, would have dealers in municipal securities to disclose to customers the cost price of any such securities the dealers offer for sale. That principle would single out one industry while leaving sellers of other securities and sellers of merchandise free to continue business in the normal manner. I think in that respect dealers in municipal bonds should not be discriminated against. Without the Boren Bill, or something like it, the flotation of municipal securities would be unnecessarily interefered with.

Evan Howell

I am confident, moreover, that the existing statutes on fraud are quite adequate to protect investors in municipal bonds. There has been very little fraud in this country with respect to the sale of such securities if the examples brought to the attention of the Interstate and Foreign Commerce Committee by the SEC are any criterion.

I am for the least possible Government interference with business.

REP. BENJAMIN J. RABIN
New York

I heard all of the testimony and I am not convinced as to the nessity or wisdom of passing the Boren Bill, even as amended to limit it to municipal bonds. My mind is not closed on it. The discussion in the executive session was very interesting. There will be more discussion and, until it is concluded, I am not going to make up my mind.

So far, however, I have not been convinced that the bill should be passed. I would be absolutely opposed to any bill taking away from the SEC power as to any securities other than municipals.

Benjamin T. Rabin

It is alleged that to force a security dealer to disclose cost and other information is like forcing a merchant to tell his customers what he paid for the goods he is selling. That is a poor analogy. Even in the merchandise field we have labelling laws to protect the buyer.

REP. CLARENCE J. BROWN
Ohio

I think the Boren Bill should be passed, so as to take away from the SEC any control whatsoever over the issuance or resale of municipal and other governmental securities, except where fraud or fraudulent intent is shown. This bill, it should be noted, would not set aside the section of the Securities Act relating to fraud.

Clarence J. Brown

REP. OREN HARRIS
Arkansas

According to the hearings on the Boren Bill, up until the time the SEC circulated its proposed rule, there seemed to be no controversy between it and the securities dealers handling municipal bonds.

When the SEC proposed this rule, it was very obvious that it would impose such a hardship that the industry would have had great difficulty in meeting the rule's requirements.

Oren Harris

At the last meeting of the House Committee on Interstate and Foreign Commerce when the Boren Bill was considered, it was stated that discussions were under way between the SEC and the industry having as their purpose the finding of a formula that would be satisfactory to both sides and in the best interests of municipalities in the issuance of their securities. Until the results of those conversations are known, I would not like to comment on the pending bill.

REP. LINDLEY BECKWORTH
Texas

Lindley Beckworth

The bill being in a state of flux, I have no comment at this time.

REP. WILSON D. GILLETTE
Pennsylvania

Since the matter is at present in a state of flux, and there is no way of knowing what form the bill will take, I cannot give any intelligent comment on it just now.

Text of Revised Boren Bill

79th CONGRESS
1st Session

H. R. 3129

IN THE HOUSE OF REPRESENTATIVES

May 4, 1945

Mr. Boren introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

A BILL

To amend the Securities Exchange Act of 1934 so as to limit the power of the Securities and Exchange Commission to regulate transactions in exempted securities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Securities Exchange Act of 1934, as amended, is amended by adding at the end thereof the following new subsection:

"(d) No provision of this title shall be held to confer upon the Commission the power to prescribe rules or regulations imposing any restrictions or requirements with respect to the purchase, sale, hypothecation, or negotiation of, or otherwise regulating transactions in, exempted securities; except that this subsection shall not apply with respect to section 8 (c) of this title."

Sec. 2. The second sentence of section 15 (c) (1) of the Securities Exchange Act of 1934, as amended, is amended to read as follows: "The Commission shall, for purposes of the application of this subsection in the case of securities other than exempted securities, by rules and regulations define such devices or contrivances as are manipulative, deceptive, or otherwise fraudulent."

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ment for compulsory military service of the sort proposed. Without support from large ground and sea forces weird instruments of destruction of the sort now being described would be of little value as an offensive instrument. And, what is as much to the point, large armies, unless deployed abroad where such devices originate, would be no protection against attacks by them.

The Best Protection

What we must be careful to keep abreast of in the future is the progress of science and invention as they bear or may bear upon military prowess. This would include not only instruments of war as such, but such ordinary industrial developments as could be employed as a disguised armament program or quickly converted into war industries. This is a much more hum-drum, prosaic job than training large groups of youths in military camps each year, but it is one which would afford us much more protection. With reasonably-sized military forces (such as in the past have been and again can be maintained on a completely voluntary system), armed with the best of equipment and with the country scientifically and industrially prepared to support its armed forces, we should be as safe as a country can be in this world.

The fact is, we suspect, that we should be much safer, and the world much safer, if we followed such a course, than if we aroused the suspicion and fear of the rest of the world with our militaristic endeavors through grandiose compulsory training programs in peacetimes.

San Francisco Conference Completing Its Agenda

(Continued from first page)

at home, the smaller powers are fighting on. . . . Canada is trying to bargain for the calling of an amending conference on a majority vote of the Assembly in five to ten years after ratification, with an automatic call after ten years. . . . Realizing the practical difficulty of removing the Veto now. she wants to leave this unspecified until the time of such a conference. . . .

* * *

Australia under the leadership of the aggressive Dr. Evatt, wants the privilege of calling an amending conference at any time, **particularly in view of the oft-repeated statement about the imperfections in a Charter written in a legalistic vacuum.** . . . The necessity for the trial-and-error of actual practice, and the preponderance of amendments to the American Constitution in the early years, makes the indignation of the non-Big Powers understandable. . . . One of the Chilean delegates complains that his status is that of being compelled to give a power of attorney to a friend for life. . . .

In any event this anti-amendment policy will cause twin-delay, first in the proceedings here, and later at the time Charter ratification is being sought from the respective home legislatures. . . .

* * *

Along with the disagreement about future changes in the League through changes in its regulations, there is disagreement about changes in the composition of its members. . . . Here the Big Powers are also inclined toward freezing permanence of the organization. . . . But, particularly as it obviously will be difficult to keep any nation from withdrawing, all the sponsoring countries are now willing to permit future resignations. . . . **Even the USSR has now shifted, and the regulation is now only a matter of language.** . . . The objections to setting down the specifications in the Charter are: (1) It will mean an additional change from the Dumbarton Oaks proposals, and (2) it may give a false impression of impermanence to the League. . . .

Chiefly for purposes of home consumption many of the smaller countries, including the South Americans, want the right of withdrawal specified, particularly if their suggested amendments are to be vetoed. . . .

* * *

Despite the tremendous fanfare accompanying the epochal announcement of the "great Soviet concession" on the Veto, including the Klieg lights and newsreels at the august steering committee meeting called for the event, it did not take long for the non-Big Powers to realize that, in the words of Autralia's Dr. Evatt, they had been handed a "plugged nickel." . . . Rendered helpless by the chain of events which led to the appearance, but not the fact, of a gracious Soviet compromise, the small nations are furious at their present inability to "upset the apple-cart," though they know that all the logic and justice are on their side. . . . **For what the Russians have "conceded," namely the right to permit some measure of discussion of a dispute, is a right which no one even questioned until the point was raised by the Russians themselves a fortnight ago.** . . . Previously, Under-Secretary Grew in Washington, and Mr. Eden and Sir Alexander Cadogan here, had stated that there was to be no veto applicable to peaceful settlements; including not only discussion but up to the chain of measures to investigation and recommendation. . . . So in comparison with all the interpretations of the original Roosevelt-Yalta formula, the veto right has been tightened rather than loosened, and the 45 smaller powers pushed into greater impotence. . . .

* * *

Australia, Cuba, New Zealand, Colombia, Brazil and Chile are particularly angry, with Canada sophisticatedly annoyed. . . . They vehemently claim that the Big Power interpretation is wholly inconsistent, being very narrow in some respects and correspondingly wide in others; and that the "Council can only discuss whether a dispute can be discussed, and can only investigate whether it should be investigated." . . . The obscurity existing as to the extent of the tiny non-veto area even at the present time, is attested by the discussion at today's heated committee meeting when Mr. Fraser of New Zealand developed the fact that it is not known whether even discussion can or cannot be stopped by a capricious veto. . . . The big powers' formal reply to the now famous questionnaire of the small powers definitely states that the decision as to whether a point involves discussion or not is itself subject to the veto. . . .

So the net result of the veto battle seems to be the driving home of the realization of ever-greater disparity between the powers of the Big Five and the Little Forty-Five; and of the fact that the new League will be a grand military alliance rather than an idealistic international organization. . . .

* * *

Its labors completed with promptness and efficiency, the Committee on Economic and Social Cooperation reported its results in public session on Monday. . . . Charged with formulating the new League's Economic and Social Council, the Committee had met 21 times in full session, and the drafting subcommittee had sat 19 times. . . .

A detailed analysis of the new provisions appeared in this column last week. . . . Generally, it may be concluded that the Council's new charter contains nothing that was not implicit in the Dumbarton Oaks proposals, nor any conflict with Oaks, nor anything that the General Assembly could not have ordered under Dumbarton Oaks. . . . Affirmatively, it represents the assurance of the Oaks provisions being spelled out, and actually does most of the spelling out at this time. . . . The great effect has been on the public, with the air of very helpful publicity. . . . **In lieu of its former skeptical reaction in setting the Council down as a pious hope or talkbody, the public is now boosting it to the other extreme of crediting it with making the military powers of the Security Council unnecessary.** . . .

Sir A. Ramaswami Mudaliar of India, Chairman of the Conference Committe, has pointed out that relatively the provisions of the old League relating to economic and social problems were very inadequate because the emphasis there was on the military and political phases. . . .

In comparison with Dumbarton Oaks, the purposes are specified more clearly, particularly in respect to labor, full employment, and higher standards of living. . . . Education and culture have been inserted as high objectives, for the promotion of peace, the theory being that wars are induced by wrong education. . . . There is great emphasis on human rights, the words "observance for" them being included to make it personal and individual. . . . **One of the first Commissions to be created will be that on human rights.** . . .

* * *

The finally determined working arrangements between the Economic and Social Council and the General Assembly are worth noting. . . . Limiting the members on the Council to 18 makes it much more efficient than if more of the other 32 nations were included. . . . But as all 50 nations cannot be bound by 18 on important matters, such important decisions must be passed by the Assembly, with the 18 Council members preserving a good working body. . . .

* * *

Particularly enthused over the Economic Council's prospects is Dean Gildersleeve, the United States delegate on the Conference committee charged with its formulation. . . . In an interview with this correspondent today, she said: "The great reception given to our work yesterday by the public and the press are especially satisfying to me because before the Conference's opening practically none of my colleagues, excepting Governor Stassen, took seriously our prospects in the economic and social fields, and even I was inclined to worry because of the obvious impossibility of applying international compulsion to back up our aims. . . . **But it is now evident that the peoples and legislatures of the world are realizing that the nationalistic economic policies of the 1930's must be abandoned, and the element of sovereignty and absence of teeth present no insuperable obstacle.** . . . In this connection the Anglo-Caribbean Commission shows what can be done. . . . Having no mandatory powers either, it functions most successfully as an advisory body of experts through the process of consultation. . . . Just as the Commission so successfully relies on prestige, and on consultation on the same level with organs of Government, Labor and Business, our Council over the years will achieve much." . . .

Dean Gildersleeve

Regarding the Economic Council's relative importance, Dean Gildersleeve continued: "With the exception of the territorial trusteeship arrangements, the work of the Economic Council represents the only portion of the Charter that is affairmative and constructive rather than reventive . . . **The rest of the new league's charter is negative in representing legal mechanics for dealing with trouble."** . . .

"Of course I personally am particularly interested in the provisions we have made in the health field, including a prospective International Conference. . . . In addition to the actual results accomplished on health and cultural lines, having these conferences and continued interchanges are inestimably helpful in all fields, in keeping the several nations talking. . . . The most useful weapon in the international economic field available to us is continuity of conversation." . . .

* * *

In addition to the charter provisions for the Economic Council some other principles deemed inappropriate, therefore, were included in the record as "declarations" of individual delegations, as follows:

(1) By China and the United States for a Commission to regulate trafficking in opium;

(2) For reconstruction of devastated countries, by Greece;

(3) A declaration by Panama regarding migration;

(4) For intellectual cooperation, by France;

(5) Representation for women, advocated by Brazil and Mexico. . . .

In the dealings between the Organization and affiliated bodies, flexibility is assured. . . . Agreements between the two, such as with the Monetary Fund or the International Bank, will not in any way deprive the affiliate of its responsibilities in its own field as defined in its basic instrument. . . .

The French and some other delegations argued very strongly for specific mention of a specialized organization to deal with the problem of the fair allotment of raw materials. . . . **The Committee, however, ruled that no mention of any specialized organization to deal with this or the related problems of capital goods should be made.** . . . It felt that it would be misleading to mention one or two important fields and not to mention others; or to specify in the Charter the precise nature of the problems involved in this connection. . . .

* * *

Budgetary powers have been transferred to the General Assembly. . . . It was deemed more logical to vest them there, along with the financial authority of the Organization as a whole. . . . The Assembly will make such arrangements for the examination of the budgets as it thinks proper. . . . Presumably the Assembly will act on the advice of the Economic Council, particularly regarding the budgets of the special organizations. . . .

* * *

The Conference Committee's disposition of proposals for reconstruction on a grand scale, as advanced by Greece and endorsed by Norway, is significant in showing the possibilities in that field as well as in defining the frame of reference of the Organization. . . . Because of the distastrous conditions in some countries, and because of their inability to help themselves, separately, it was proposed that the United Nations should bring about immediate reconstruction through: distribution of raw materials for building purposes; distribution of technical personnel; international coordination to fit the average living standard of every country; inetrnational physical planning, present and future. . . . **Although many countries expressed great sympathy with the lofty aims, it was pointed out that this call for an immediate Action committee represents just another in the long list of impracticable objectives offered to the Conference.** . . . This is a conference at the discussion level, unable to take action on specific situations pressing for prompt action. . . . Hence the Committee gave the proposition the "run-around treatment" by "associating itself with it." . . .

* * *

After the Conference the Australians will not relax their efforts one iota in pushing a full employment program nationally and internationally. . . . In a typical "which came first, chicken or egg?" economists' argument, most countries, including Peru in yesterday's open session, have been stressing international trade as the prerequisite for domestic prosperity. . . . The Australian position, which prompted its successful Conference battle for a strong employment pledge, on the other hand, holds that full employment is the key. . . . In the words of H. V. Evatt, her Minister for External Affairs: "**The dismal failure of post-great war planning can be traced to the undue emphasis placed on tariff reduction and exchange stability as ends in themselves, and to the absence of consideration of domestic policies of employment which, if pursued, would have brought about increased consumption in trade and stability in exchange rates.** . . . The history of post-great war planning is broadly the story of a long succession of Conferences, all resulting in resolutions to reduce trade barriers and all followed by increased restrictions on trade because increased unemployment was the one great political problem. . . . It will be seen that the end we seek is not increased trade, but higher standards of living. . . . Increased trade is one but not the most important means to this end. . . . We should rather say "Seek you first employment and the rest shall be added." . . . Irrespective of the quality of the economics involved in the argument, it is assured that there will at least be plenty of such argument in our new League." . . .

* * *

The Senate's adverse action on the Trade Agreements Act. . . . In striking from the bill the 50% maximum reduction provision, is vitally related to the work of this Conference, and to the success of the new League. . . . It is realized here that to the United States the problem is not a problem of access to raw materials, or other imports, but purely one of our continuing export balances. . . . Bound up, of course, with our tariff policy. . . . If we will not take real payment for our exports of goods and services we again will have to find some way to finance them through capital exports or some kind of subsidy. . . . **But of more immediate concern to the Conference and to the new League is the Senate committee's slap at international cooperation, and its encouragement to economic warfare and isolation.** . . .

* * *

Neither raw materials nor trade discrimination will be mentioned in the San Francisco Charter, excepting in general terms in the trustee provisions. . . . In the first place, it is impossible to specify adequately. . . . In the second place, the cry about raw materials is always a war-time incident. . . . It is pointed out here that most complained-of trade abuses only range around the periphery of definable discrimination, as discrimination against certain international companies, and therefore could not possibly come within the purview of the League; or else it takes the form of cartels. . . . Action may be taken through a subsequent general Conference on trade matters, leaving it to the League through the machinery of the Economic Council to take administrative action by powers of persuasion and reporting; **and particularly, as far as cartels are concerned, to cure the situation by conventions agreed to in advance.** . . .

The possibility has been raised here of the entire immediate United States imports question being quite academic, as in the coming early post-war years the world-wide shortage of goods may well preclude all imports from the United States. . . . In that case our tariff rates would be quite unimportant until later on when our potential imports can rise to $7 to $10 billions figures, which will mark the real test of our tariff attitude. . . .

And the effect of trade agreements legislation on the Bretton Woods agencies is likewise being watched here. . . . The Treasury experts maintain that the monetary funds should not be conceived of "depending on" trade agreements, but that they both actually make for the same end, namely, foreign trade. . . . **They resent the expression that inadequate imports would cause a "breakdown" of the Fund, preferring to state the situation as "an oversupply of foreign currencies relative to dollars."** . . . They want it said that then the Fund's dealings in dollars would merely be in restricted amounts; and that from that point on the Fund would be useful, in these two ways:

(1) In using the scarcity of currencies officially to dramatize bad trade policy, which might lead to action in correcting such policies; and (2) in these circumstances: in the absence of a Fund there would have been exchange con-

trols, more rigid and unilaterally-created. . . .

In any event, it is felt here that the problem of scarce dollars is not of immediate acuteness; for it is calculated that the Latin American nations have sufficient gold reserves here for purchases to last two years, and European countries have enough reserves for three years. . . . But of course the Fund's resources and foreigners' remaining gold reserves, are only a stay which does not mitigate the need for long-term order, consistent with the aims of the Conference and the Charter. . . .

* * *

The best guess on the Conference's closing date and President Truman's valedictory is June 22. Some further delay may be caused by the necessity of translating the finished Charter into the Conference's five official languages, namely English, Russian, French, Spanish and Chinese. . . . And also after completion of the Charter there must be several plenary sessions for its approval by the Conference as a whole, and it must be signed by each of the delegates attending. . . .

* * *

Two major reports on the Conference are in the cards. . . . One is an American document that is now being prepared in great detail by the technical advisers for the President in explanation of the Conference and the Charter. . . . Mr. Truman will have it accompany the Charter when it is submitted to the Congress. . . . The other report will be compiled by the Secretariat, will be somewhat superficial, and be useful for home use by the delegates. . . .

* * *

After the Conference there will be both transitional and interim arrangements. . . . Under the transitional arrangements, as provided for in Chapter 12 of the Dumbarton Oaks provisions, the Big Five will furnish military forces for keeping the peace prior to the consummation of the permanent military arrangements. . . .

The Interim Commission, on the other hand, will consist of a business body to organize the various agenda and personnel of the Organization for functioning after the Charter's ratification. . . . **It is now contemplated that this Commission will hold its first meeting in San Francisco immediately after the end of the Conference, attended by a representative from each of the attending nations, and will set up the Organization formally.** . . . Subsequent meetings will be held later in London, when a staff presumably will be built up on the basis of an International Civil Service. . . .

Despite rumors and proposals to the contrary, the Secretary General of the Interim Organization will be a different individual and a different type than the Secretary General of the new League itself. . . . For the early stages, a hard-working on-the-job organizer will be wanted; while later on, for the Permanent Organization, a man of wide scope and prestige will be desired. . . . Already General Eisenhower is being nominated for the post. . . .

It is thought that a Czechoslovakian proposal will be followed for creating a department for the early exchange of information and the development of better understanding of the work of the Conference, and of the Interim Organization.

Rudolph Nadel Dead

Rudolph Nadel, a partner in Mabon & Co. and a member of the New York Stock Exchange, was killed in Europe on May 24. He was a member of the U. S. Bombing Survey, a civilian commission. Mr. Nadel became associated with Mabon & Co. in 1926, the year in which he arrived in America from Hamburg, Germany. He became a partner in the firm in 1931.

The Fallacy of Taxes On Capital Gains

(Continued from page 2606)

ditional role as one of the three balancing elements of our Government.

The trend, which we now view as having started some three years ago, continues. Confidence, which for so long was lacking in the conduct of our affairs, has been restored and we now face with renewed vigor the difficult problems of establishing a constitutional basis for lasting peace and of redeploying our civilian effort, our governmental activities and our productive capacity for the resumption of peaceful progress.

Post-War Treatment of Capital Gains and Losses

It is my purpose today to focus attention upon one aspect of redeployment on the home front, namely, the post-war treatment of capital gains and losses which is a subject of the deepest concern to all of us—manufacturer, banker, business man and worker.

Historically, the first attempt to tax capital gains was made shortly after the Civil War when a tax was levied "upon gains, profits and income derived from any source whatever." The Supreme Court at that time ruled against this form of taxation on the ground that "the mere fact that property has advanced in value between the date of its acquisition and sale does not authorize the imposition of the tax on the amount of the advance." The question did not arise again until, under the Corporate Excise Tax of 1909, the Commissioner of Internal Revenue ruled such gains to be taxable in a broad interpretation of the term "income." However, in 1915, a United States district court found against this ruling. Upon appeal, the United States Supreme Court reversed the lower court in the midst of World War I, or on May 20, 1918.

From 1918 to 1921 capital gains were taxed as ordinary income, but capital losses were deductible in full. Nevertheless, it began to be apparent that such taxation was retarding investment in new business enterprises and in its report on the Revenue Bill of 1921, the Ways and Means Committee of the House made the following statement: "The sale of farms, mineral properties and other capital assets is now seriously retarded by the fact that gains and profits earned over a series of years are, under the present law, taxed as a lump sum in the year in which the profit is realized. Many such sales, with their possible profit-taking and consequent increase of the tax revenues, have been blocked by this feature of the present law." This statement is applicable with even greater force today.

Various changes have since been introduced into this feature of the tax law, involving the length of time property is held, the rates at which gains would be taxed and the deductibility of losses. The relative unimportance of the capital gains tax as a source of revenue is demonstrated by the fact that the peak amount realized in 1928 amounted to only $576 million. Since 1934 the highest annual revenues to be collected from this source was $202 million in 1943, which represented only 1.2% of total revenues from income and profits taxes.

The inception and early history of the taxation of capital gains fail to show any clear intent on the part of Congress to tax profits on casual sales of property. The history of the tax's effectiveness would appear to rule it out as a revenue producer. It can only be appraised, therefore, from the point of view of its social implications.

The Anti-Inflationary Aspect

As a matter of fact, those who are advocating a change in the provisions of the tax law relating to capital gains make no attempt to conceal their indifference to the revenue aspects. They are under the delusion, apparently, that by lengthening the holding period or by increasing the already steep rate of taxation, they can prevent an inflationary rise in prices. Their reasoning is, of course, altogether illogical. It has been pointed out, time and again, that, instead of dealing with root causes, they are concerning themselves with manifestations. All students of this question with whom I have talked agree that, instead of restraining prices, the proposed changes in the capital gains tax would have the effect of causing further advances and of creating a greater number of unwilling sellers of securities. This is most important in view of the fact that we have a scarcity of securities already.

As the law stands today, there is a clear line of demarcation between quick trading profits and capital gains derived from investments. Net gains derived through sales of property held for less than six months must be treated for tax purposes as ordinary income and must be added to the base upon which the taxpayer calculates his surtax bracket. No comparable provision is made for the deduction of net short term capital losses against ordinary income. Thus, today, we have an effective brake upon the quick turnover of property. On the other hand, we have some slight protection although inadequate, for the long term investment of venture capital which, by its very nature, presupposes an ultimate gain.

I doubt whether those persons who wish to see a longer holding period and a higher rate appreciate what the consequences would be. As I have pointed out, we already have gone as far as we can go safely. Any more drastic interference with the transfer of capital assets would check the flow of venture capital, would put a brake upon the operation of job-creating processes and would, in my judgment, result eventually in a frozen economy.

In the course of readjustment after the war, the transfer of personnel and equipment from various types of production to other types will necessitate long term capital which can best be procured through the issuance of equity and debt securities. Vast reserves of private funds are awaiting an attractive outlet for investment and there will be a great demand for venture capital. You who are engaged in the facilitation of the flow of capital need not be told of the importance of venture capital to our post-war economy. To you it is an old story that venture capital is on the front line of business enterprise, that it takes the risks and that casualties are frequent. Any barriers placed between the investment of risk capital and the potential profit which is normally expected are an impediment to post-war reconstruction.

The demand for a change in the capital gains tax is based upon two chief premises: (1) capital values, as reflected in current prices of homes, farms, business properties and stocks have increased sharply since this country entered the war and are still increasing; (2) while other sectors of the home front have been protected by direct measures, such as rationing, allocations, price and wage controls, no effective controls have been applied to curb rising prices of homes, farms, stocks and other capital assets.

It is argued that there is an inherent danger in the large accumulation of liquid funds during the war years and that the "huge inflation potential (represented by currency, demand deposits and Government securities) will continue to grow as long as deficit financing continues." We might go further and point out the huge accumulations of individual savings, which today are said to amount to about $150 billion. At the end of the current fiscal year, the Government debt will amount to around $240 billion. All but about $16 billion of this represents money that has been borrowed during the past 15 years. It might also be pointed out that the war-created scarcity of civilian goods in almost all lines merely adds to the inflationary pressures flowing from the huge reservoir of cash purchasing power.

Remedies Should Be Directed at the Causes

Now, if the money factor, coupled with scarcity of goods, should threaten to undermine the integrity of our currency, we must be prepared to act boldly and courageously. As an exponent of sound money, I have no patience with a weak-kneed attitude toward this question which involves the success and happiness of our people. We all realize that the seeds of inflation have been sown. It was, of course, inevitable that the Government, in the prosecution of a global war, would have to contribute to the inflationary potential; but the Government can also take steps to reduce the danger. But the approach should be realistic and should be directed toward the cause and not the symptom.

The causes are obvious. For example, partly as a result of the monetary policy of our Government during the past decade, we saw the lowest cycle of interest rates in our history. The spread in the return to the investor as between long term Government obligations, high grade municipal and corporate bonds on the one side and good common stocks on the other has induced the investor to purchase more generously of good common stocks in an endeavor to maintain or improve his net spendable income. The investor well recognizes, and it should be made clear to all, that the return from most obligations is fully taxable and subject to surtax rates in some brackets exceeding 90%. The dual influence of low interest rates and high surtaxes has, in many re-

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Howard Fitch Returns To Desk at Stern Bros.

Howard H. Fitch

KANSAS CITY, MO. — Stern Brothers & Co., 1009 Baltimore Avenue, announce the return of Howard H. Fitch, Vice-President and director, who has been relieved from three years active duty as Captain in the Army of the United States. Mr. Fitch, prior to entering the Army, directed his activities in the municipal field. In returning, his activities will be in both municipal and corporate securities.

J. L. Gumbiner, who became associated with the firm in August, 1944, has been elected Secretary of the company in place of John H. Barrett, who retired from the firm as of June 1, 1945. Prior to entering the company, he was Vice-President of Harold E. Wood & Co., St. Paul, Minn.

George R. Hollenbach to Be Inv. Dealer

PHILADELPHIA, PA.—George R. Hollenbach is engaging in the securities business as an individual dealer. He was previously with C. S. Wurts & Bro. and in the past was a partner in C. H. B. Phillips & Co. At present he may be reached at 439 Burmont Road, Drexel Hill, Pa.

Jas. Oliphant to Admit Bridgman, Crawford

Hugh Bridgman and George M. Crawford will become partners in Jas. H. Oliphant & Co., 61 Broadway, New York City, members of the New York Stock Exchange and other exchanges, as of July 1. Both have been associated with the firm for some time.

E. R. Davenport Admits

PROVIDENCE, R. I.—Allan G. Davenport has been admitted to partnership with Edward R. Davenport in E. R. Davenport & Co., Hospital Trust Building.

Public Utility Securities

(Continued from page 2610)

company will agree to the remaining write-offs as a small price to pay for the refunding program.

The Commission also intimated that a voluntary rate reduction should be forthcoming if the merger program is to be approved. Evidently this is a bargaining point, since Mr. Maltbie states that the company has indicated its willingness to consider lower rates after the commission approves the present program.

Consolidated Edison's electric rates are well above the national average and customer usage is below the national figure. The company recently began formulation of postwar sales policies, and the obligation was acknowledged to sell "the best possible gas, electric and steam service at the cheapest possible price." Distribution costs are doubtless much higher in New York City than for the remainder of the country. Nevertheless, the company has perhaps not been as aggressive as it might have been in pushing the use of electric appliances.

So far as current earnings are concerned, they do not seem excessive in relation to plant cost, even after allowing for a write-down to original cost. In 1944 average net plant account would have been about $1,048,000,000 for the system, and adding current assets of about $133,000,000 makes a total of $1,181,000,000. Consolidated operating income was a little over $48,000,000 or only about 4.1% return on this investment. This low rate of return should doubtless be taken into account in connection with rate readjustments.

ELECTRIC-GAS OPERATING COMPANY STOCKS

	Price About	Div. Rate	Yield About	Share Earnings	Price-Earn. Ratio
Consolidated Edison of N. Y.	31	$1.60	5.2%	$2.00	16
Boston Edison	43	2.00	4.7	2.19	20
Cleveland Elec. Illum.	41	2.00	4.9	1.99	21
Commonwealth Edison	31	1.40	4.5	1.80	17
Connecticut Light & Power	53	2.40	4.5	2.77	20
Consolidated Gas (Baltimore)	77	3.60	4.7	4.47	17
Delaware Power & Light	23	1.00	4.4	1.18	20
Pacific Gas & Electric	40	2.00	5.0	2.17	19
Philadelphia Electric	26	1.20	4.6	1.55	17
Southern Calif. Edison	30	1.50	5.0	1.73	17

Senators View Bretton Woods

(Continued from first page)

world of today. But you cannot do that without stable governments. Almost every European country today is threatened with revolutionary changes of government. Therefore I am opposed to the Fund, and I will vote against the bill.

"If, nonetheless, some bill is enacted, I am hopeful that it will be possible to include silver."

Senator Robert Taft (R.) of Ohio, also a member of the committee, told the "Chronicle":

Robert A. Taft

"The Bretton Woods Fund is an automatic handout of American money, whether the member countries need it or not. It is clear from the testimony that the promises that the Fund will remove exchange restrictions within any foreseeable time is disproved by the testimony of Lord Keynes in a speech before the House of Lords, as well as by the actual provisions of the Fund Agreement.

"In spite of Secretary Dean Acheson's testimony yesterday and today, the nations do have an automatic right to borrow from the Fund," continued Senator Taft.

"The Bretton Woods Agreement will encourage devaluation of currencies, instead of discouraging it, as claimed," and he added: "Although we are asked to put up more than half of the internationally valid resources of the Fund, the Fund's lending will be controlled by the borrowers."

Senator Abe Murdock of Utah told "The Chronicle: "I am very favorably impressed with the proposition, but it seems to me that, under present conditions of terrific currency and bank credit expansion all over the world, the amount of monetary gold available is not sufficient at its present price to support the currency and credit structure. The recent action by the Senate, at the request of the Federal Reserve Board, reducing the reserve ratio, indicates that even with our tremendous supply of gold we did not have enough; and other countries are in no better condition than we are.

Abe Murdock

"For this reason and because of the historic position silver has held alongside gold," he added, "I hope that the wisdom of taking silver into the Bretton Woods picture will be seen by the Banking and Currency Committee. I have word from some of the country's leading bankers that they feel silver should be brought into the picture, and when the bankers come before the committee to testify on the bill, I intend to question them on this point."

Senator Fulbright and Morgenthau Disagree

Secretary of the Treasury Morgenthau's testimony before the Senate committee, on June 12, to the effect that the Bretton Woods program will be operated solely on economic and not on political lines, caused Senator Fulbright of Arkansas to disclose just the opposite recommendation. Senator Fulbright observed: "Then if this country has no foreign policy and blunders along as it did for the last 20 years, you would go ahead and finance, say, the Argentine, regardless of what you thought it would do, and do the same to any other country."

To this Secretary Morgenthau replied: "You put me in an embarrasing position, but I will have to answer. . . . If the Argentine was a member of the Bank and the Fund, and she needed certain financial help to meet her requirements, being a member, her requirements are to be taken care of independently of her political ideology." "I choked on it, but I went through with it," he added.

Senator Fulbright countered to this by saying: "It seems to me that is going pretty far, and I do not quite agree that that is sound policy. . . . It would seem to me that it means the Fund will have no relationship to the State Department. . . . I can not help but believe that our financial policy should be subservient to the political policy as established in the State Department."

Senator Taft thereupon said: "I should like to know how you can say their requirements will be taken care of regardless of what may be done by others. We have only 27% of the votes in the Fund and 30% in the Bank. . . . Suppose Russia should violently object to a loan to the Argentine, do you think the Board would have the right to go over their head?"

Private Enterprise Future Depends Upon New Capital

Addressing the members of the Quarter Century Club of Bache & Co. at their annual dinner, Harold L. Bache, senior partner of the Stock Exchange firm, declared the future of private enterprise in America would depend increasingly upon the ability of the investment banking fraternity to raise necessary new capital for development and expansion purposes. The recent expansion of the Bache firm to include both old and new faces in the Street, was indicative of the opportunities that lay ahead, he said.

"Perhaps never before in our history has the financial community been presented with such an opportunity to be of service to business and industrial America," said Mr. Bache. "The return of peacetime activities will mean new financial problems to solve, and new industries, new customers to serve. That is why the mature financial judgment of Wall Street along with the freshness and initiative of youth are both going to be needed in large measure after the war."

Partners of the firm, including new partners admitted on June 1, were guests of the Quarter Century Club.

Merritt & La Morte To Be Formed in N. Y.

Merritt & La Morte will be formed in New York as of June 21. Partners will be Henry C. Merritt, Daniel La Morte, general partners, and Cynthia W. Smith, limited partner. Mr. La Morte, who was previously a partner in William B. Potts, Jr., & Co., will acquire the Stock Exchange membership of Lawrence Lewis.

Gov't Must Not Dominate World Trade and Investment: Morgenthau

(Continued from page 2608)

and farms. We were also a large importer, the second largest in the world. We needed imported raw materials for our industries and scores of imported products to meet the everyday demands of our consumers.

"After the war we will have even more reason for exporting and importing, for expanding trade. To make this possible the producing and trading power of many countries must be restored and developed; the currency restrictions and discriminations that stifle trade must be relaxed and removed. And that—in substance—is what the Bretton Woods proposals are about.

"I want to emphasize another aspect of the Bretton Woods Agreements no less important to American business—that of establishing a world in which international trade and international investment can be carried on by business men on business principles.

"You can't do business in an environment of disorderly currencies. Carl Wynne, President of the Chicago Exporters Club, told the House committee that arbitrary exchange practices make it difficult to import or export without taking risks that are too big for the ordinary business man.

"As you know, during the 1930s a number of countries began to use their currency systems for the purpose of securing unfair advantages in international trade. Germany, in particular, developed numerous devices for exploiting her creditors and competitors. The use of these tricks by Germany forced other countries to adopt similar measures in self-defense. The result was an era of currency warfare that virtually destroyed international trade and investment and prepared the way for total war.

"American business men have demonstrated that they are more than willing to take their chances in fair competition with the business men of any country. All they ask is an opportunity to sell a better product at a better price. But they can't trade if the marks or the pesetas they collect for their automobiles and their movies are arbitrarily changed in value, or cannot be sold for dollars.

"That's what happened to many American companies when they sold goods to Germany. They could either take blocked marks or some commodity that Germany was willing to offer in payment. The American commercial attache in Berlin reported that one company had to take 8,000,000 mouth organs in payment for petroleum; another 200,000 canaries for a large press for making automobile bodies, and a movie company was bamboozled into taking a live hippopotamus for its films.

"This was only one of the many currency tricks widely used in the 1930s. Germany had more than 35 different kinds of marks, some selling at discounts up to 50%. She had about 40 bilateral clearing agreements under which exports to Germany were paid for only if the country took German imports. This country couldn't and wouldn't do business on that basis.

"I should add that this country was the principal victim of these unfair currency practices. Between 1928 and 1938 the value of our exports fell by nearly one-half, while world trade fell by one-third. We know a country cannot always keep the same export markets. But we believe that changes in trade among countries should result from productive efficiency, not from exchange restrictions.

"With such currency practices as these, international trade and investment can no longer be conducted along business lines. They become a matter of international politics, and they may become an international racket.

"One might suppose that when Nazism is destroyed its strong-arm currency practices will be destroyed, too. But this will not necessarily happen. Many countries had to adopt similar measures in self-defense. They still have them. And now, as these countries look on their shelled, bombed and pillaged lands, as they contemplate the difficulties of reconstruction, there is real danger that they may be tempted to continue and to extend these practices.

"If we do nothing to help establish orderly exchanges, to help these countries get foreign capital for reconstruction, they will feel compelled to revert to barter deals, clearing agreements, competitive exchange depreciation and multiple currencies. And these devices will be used with greater ingenuity and with greater effectiveness than ever before.

"Rebuilding and restoring the devastated countries, as I see it, is primarily a job for their domestic industries. Certain basic essentials, however, will have to be imported. These include transportation equipment and industrial and agricultural machinery. If private investors abroad will not lend the necessary capital on reasonable terms, countries will be forced to seek help in other ways. Foreign loans might then be arranged on a political basis. This could only mean the rule of power politics in international economic relations.

"I repeat, the business men of this country do not want to do business that way. The extension of these tactics must mean in the end the domination of international trade and investment by governments. This country has the greatest interest in seeing that international trade and investment are determined by economic and not by political considerations.

"We in the Treasury have been aware of these dangers. In 1941 we began to work on post-war currency and investment problems. We prepared a tentative proposal for a World Fund to set fair currency rules and to help countries abide by these rules. We also prepared a tentative proposal for a World Bank to encourage private investors to make sound and productive foreign loans, the risks to be shared by all countries.

"Our discussions showed that other countries were convinced that our proposals offered a practical basis for the solution of common monetary and financial problems. That conviction explains the cooperative spirit at the Bretton Woods Conference. All the 44 countries were determined to protect their own interests—the United States no less than others—yet all were aware that their own well-being depends on international cooperation. On some points national differences had to be reconciled; and I may add that Senator Wagner and Senator Tobey, both delegates to the Conference, rendered conspicuous service in this delicate task.

"Personally, I take pride in the fact that in spite of all the obstacles and pitfalls, we did get an agreement on the basis of the proposals submitted by this Government. We had to compromise—of course we did—that is the democratic way. But it's one thing to compromise on details, on procedures; and it is quite another to compromise on fundamental principles. That is where we drew the line.

"One aspect of the Bretton Woods Agreements deserves special emphasis, their relation to peace. Peace is more than a political problem. It is a complicated structure that can be built only upon the solid foundation of economic order and prosperity in all countries. Peace and prosperity are two sides of the same problem. We can't neglect one without endangering the other.

"We all know how horrible war can be, and we are all determined to do everything possible to prevent these horrors from happening again. But you and I know that if peace is to endure there must be jobs, there must be hope of economic betterment. Otherwise, men fall easy victim to the rabble-rouser, to the quack with a dangerous nostrum.

"It is much the same with nations as with men. In either case, scuffling, pushing and shoving soon lead to blows. And when blows are struck in a crowd, there is likely to be work for the police riot squad.

"There was no riot squad on duty to prevent World War II. There were no rules of the game to prevent pushing and shoving; and the economic scuffling of the 1930s developed the gangsters who finally discarded their economic blackjacks and brass knuckles in favor of the tanks and bombs that bathed Europe, and most of the world, in blood.

"International monetary and financial problems have been a source of conflict for a generation. We must see that after this war they do not become the basis for new conflicts. That will be possible if international trade and investment are put on a business rather than a political basis. In my opinion the Bretton Woods proposals give us the opportunity to decide whether international trade and investment will be carried on through private enterprise on the basis of fair currency rules or through governments on the basis of bilateral agreements.

"International cooperation is a continuing and difficult task. But we are making progress. The overall job of building a world security organization is being worked out at San Francisco. Despite the obstacles to final agreement, the Conference nevertheless moves on. It will succeed because the people of all countries insist that it must succeed.

"The fact that at Bretton Woods we were able to get representatives of 44 nations to agree on proposals for a monetary and financial program is evidence that with care, patience and understanding, we can get agreement on all international problems.

"The people of this country," concluded Mr. Morgenthau's statement, "have shown that they are eager to have our Government take the leadership in dealing with international economic and political problems. There is no difference of opinion among Americans, no partisan division in Congress on this policy. Action by this committee approving the Bretton Woods Agreements will be an inspiration to war-weary and hungry people everywhere, to people who have faith that the United Nations can and will work together to bring about a better world."

Frederic R. Cox Opens Own Office in New Haven

NEW HAVEN, CONN. — Frederic R. Cox is engaging in the securities business from offices at 17 Shoreham Road. Mr. Cox was previously with J. S. Bache & Co.

The Fallacy of Taxes On Capital Gains

(Continued from page 2631)

spects, forced the investor into higher income bearing securities in order to meet his increased day-to-day living obligations.

Increase in Farm Land Values

How real are some of our concerns as to inflation? What may be the degree of inflation in some quarters? Let us examine whether and to what extent prices for homes, farms and other capital assets are inflated and what the causes are for such a development. Farm prices today are higher than at any time during the last decade. The index for the value of farm land, published by the United States Department of Agriculture, uses a base of 100 for the period from 1912 through 1914. In 1937 this index stood at 85 which was one point higher than the index for 1940. By 1943 the index had advanced to 99 and since then the advance has been at the rate of approximately one point a month. The index is estimated today at about 126. In these figures, we observe a long term recovery of farm values following the decade of the 1930's. The Department of Agriculture records that in 1934 the total value of farm land and buildings in the United States amounted to $31.9 billion. By 1937 this had increased to $34.8 billion. It dropped back slightly in 1940 and by 1943 had advanced to a total of $40 billion. The present index would indicate a current value of about $50 billion. This represents a gain of about 56% over 1934.

There is nothing mysterious about this increase in the valuation of farm lands. The market for farm property is largely governed by the earning power of the property and the return which it brings to the owner. In 1934 farm income amounted to $6.8 billion. In 1944 it amounted to approximately $20.2 billion, a gain of 197%. Compare these figures with the 56% increase in valuation just referred to.

The contrast between price improvement of farm commodities during the war and the prices of other commodities is accounted for largely by the Government's farm policy on the one hand and its relatively satisfactory control of non-agricultural commodity prices on the other hand.

Let me give you a few interesting figures on another point. In 1934, 78 out of every 1,000 farms changed ownership. Of the total sales 18 exchanges were voluntary; 39 represented forced sales; 12 farms were transferred as the result of inheritance and gifts; seven were sold by administrators and executors; and the remainder were sold for other reasons. In 1943, 65 farms out of every 1,000 farms changed ownership. Of the 65, 44 were exchanged voluntarily and only six were forced sales; five changed hands as the result of inheritance and gifts and eight represented administrators' and executors' sales. Farm indebtedness dropped from $7.9 billion on Jan. 1, 1934, to $6.4 billion on Jan. 1, 1943. This reduction has continued at an accelerated rate during the last two years, and total debt is now estimated at around $5 billion. This is a total reduction of over 36% since 1934.

An over-all view of what has happened to agricultural properties since 1934, therefore, discloses a reduction of more than one-third in mortgage debt; an increase of almost 200% in income and the aggregate value of farm land may be estimated today at approximately 50 to 60% above the 1934 level. It can be reasoned that the long term six months holding period and maximum effective capital gains rate of 25% have acted as a barrier to the resale of many farm properties acquired at lower than current market prices. My point is that the most effective brake on rising prices is the increased offering of property for sale.

In urban real estate, fundamentally the same factors determine the current market price. During the war, many dislocations have developed as a result of the housing shortages generated by the concentration of labor in war production centers. In general, residential real estate sells at prices which are based upon the cost of reproduction. Higher wages and higher material costs will inevitably be reflected in the market for urban real estate and this is especially true at the present time when there is a scarcity of residential facilities in many areas throughout the country.

Only under the war economy has the real estate market recovered from the depression of the early 1930's. The National Association of Real Estate Boards reports that a survey of the urban real estate market reveals that most of the buying is for permanent holding and for investment. In Chicago, several large properties have recently been sold at a price which, reportedly, represents amout 50 cents on the dollar of the present construction costs. Apartment houses are not selling at figures that equal replacement costs because of rent ceilings. Good homes in the higher brackets are still selling well below reproduction costs because of the element of upkeep and the inability to obtain the service essential to this type of establishment.

Current Level of Stock Prices

It is not my purpose to express any opinion, by implication or otherwise, as to the current level of stock prices, much less to embark upon a forecast of market movements. It is, however, appropriate to comment upon the results of a survey prepared by an independent source which deals with the changes which have taken place in the relationship of earnings, dividends and stock prices over the 15 years to the end of 1944. This survey reveals that at the end of 1944, industrial stock prices were 19% higher than the average price for the preceding 15 years. As against this, average earnings for the same group of companies were 33% higher than the average of such earnings over the preceding 14 years, while dividend payments were 2% higher.

In the same report, as a measure of speculative activity, it was pointed out that the reported volume of common stock transactions on the New York Stock Exchange for the year 1944 was only 68% of the average reported volume for the years 1930-1943, inclusive. I leave you to draw your conclusions as to whether this comparison is indicative of excessive speculation.

While I am on this subject it may be well to point out that the amount of credit used for the carrying of securities is relatively small today. Moreover, under margin requirements put into effect by the Exchange itself a purchaser is obliged to pay in full for securities selling at $10 a share or less. The most that a purchaser can borrow on any security is 50% of its market value. It would seem to me that these requirements are entirely adequate under present-day conditions.

Tax Exemption of Non-Residents

There is a condition which may be an important influence in our markets and to which I would like to draw your attention. The provisions of the Internal Revenue Code exempting non-resident aliens not engaged in business in the United States from tax on capital gains have worked well in practice and should not be disturbed in so far as they apply to persons actually residing outside of the United States. Due to the extraordinary conditions which have prevailed during the war, many aliens physically reside in the United States although they technically are non-residents since they are here on visitors' visas. Under the Internal Revenue Code such persons are now exempted from tax on capital gains and the question arises as to whether such exemption should be continued.

The proposed tax Conventions between the United States and the United Kingdom, designed to avoid international double taxation and thereby encourage the free flow of foreign commerce and capital, are awaiting ratification or rejection by the Senate. I am in hearty agreement with the broad objectives of these Conventions, but I question the freezing, by the Convention, of the tax-free status granted non-resident aliens while actually residing in this country. This subject seems to merit consideration by Congress at a time of extreme sacrifice on the part of our own people in pursuit of the war effort.

I have no knowledge of the number of people from abroad presently residing in this country under visitors' visas; neither do I know the length of time they have been here. Further, I have no personal knowledge of the amount of capital which they have to their account in this country. This information, I presume, is a part of the Government's files. It is common knowledge that they are operating in our markets on a wide scale. There is no good reason why these visitors should not be similarly subject to the provisions of the capital gains law which distinguishes clearly between short and long term commitments and imposes heavy taxes upon the realization of short term profits. The present provisions present a strong deterrent against this type of operation and it is only where these exemptions exist that uncontrolled speculation may occur.

In conclusion, may I say that the six months provision of the capital gains law adequately distinguishes between the short-term trader and the investor. A lengthening of the holding period or any increase in rates applicable to long term gains would not serve any purpose as a brake on inflation, but would be a serious hindrance to the free flow of necessary venture capital. A great responsibility rests with Congress to accelerate those necessary steps which will pave the way toward assured success in meeting the problems of the post-war period. I have every confidence that this country can look forward to a resumption of peaceful progress, given the encouragement that can come only from a realistic and sound tax policy.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 2612)

The Cross Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available a memorandum on **San Carlos Milling Co., Ltd.**, including a reprint of an article on prospects for those desiring an interesting speculative situation.

Delaware Lackawanna & Western—Discussion of first mortgage A 4s due May 1, 1993—Contained in the current issue of **Railroad Securities Quotations**—B. W. Pizzini & Co., 25 Broad Street, New York 4, N. Y.

Elk Horn Coal Corporation and **Lawrence Portland Cement Co.**—Report on attractive possibilities for price appreciation in these two industrials—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Fort Dodge, Des Moines & Southern Railway Company—One-page analysis—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Foundation Co.—Descriptive circular—J. F. Reilly & Co., 111 Broadway, New York 6, N. Y.

Also available are circulars on **Howell Electric** and **Punta Alegre Sugar.**

Garrett Corporation—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.,** 208 South La Salle Street, Chicago 4, Ill.

General Industries Co.—Recent report—**Mercier, McDowell & Dolphyn, Buhl Building,** Detroit 26, Mich.

Also available a report on **National Stamping Co.**

Globe American Corporation—Report in detatil on the post-war prospects which are considered outstanding by Kneeland & Co., Board of Trade Building, Chicago 4, Illinois.

Guaranty Trust Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Howell Elec. Motors—Circular—**Adams & Co.,** 231 South La Salle Street, Chicago 4, Ill.

Kingan Company—Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

Laclede - Christy Company—Memorandum available—**Herzog & Co.,** 170 Broadway, New York 7, N. Y.

Lea Fabrics—Discussion of interesting post-war situation—**Dunne & Co.,** 25 Broad Street, New York 4, N. Y.

Lipe Rollway Corporation—Circular—**Herrick, Waddell & Co., Inc.,** 55 Liberty Street, New York 5, N. Y.

Magnavox Company—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.,** 208 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion—**Steiner, Rouse & Co., 25 Broad Street, New York 4, N. Y.**

Michigan Chemical Corporation—Report on interesting growth possibilities and post-war outlook—Kneeland & Co., 141 West Jackson Boulevard, Chicago 4, Ill.

National Automotive Fibres—Market comment memorandum—Bennett & Palmer, 165 Broadway, New York 6, N. Y.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

New York Curb Exchange Common Stocks With Long Dividend Records—Tabulated list—**Herbert E. Stern & Co.,** 30 Pine Street, New York 5, N. Y.

Pfaudler Co.—Recent analysis discussing outlook for the company which manufactures glass lined and stainless steel tanks and equipment—**Caswell & Co.,** 120 South La Salle Street, Chicago 3, Ill.

Also an analysis of **Mississippi Glass Co.**

Pittsburgh Railways—Current study—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis and current notes—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Puralator Products, Inc.—Study of speculative possibility in the preferred stock of a public utility company—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Du Mont Laboratories "A"; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scovill Mfg.; Riley Stoker; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Hortford-Empire; Maine Central Pfd.; Moxie; Southeastern Corp.; United Piece Dye Works; Detroit Harvester; Boston & Maine; Buda Co.; Federal Machine & Welding; Gleaner Harvester; Liberty Aircraft Products; Lamson - Sessions; Berkshire Fine Spinning, Bowser, Inc.; New Jersey Worsted; Mohawk Rubber Co.; TACA Airways; American Window Glass; Interstate Power Co. and **P. R. Mallory.**

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1, N. Y.

E. H. Scott Radio Laboratories, Inc.—Letter on post-war distribution plans—Brailsford & Co., 208 South La Salle Street, Chicago 4, Illinois.

Also a comprehensive Trustees' Report on **Chicago North Shore & Milwaukee RR.**

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & Co.,** 120 Broadway, New York 5, N. Y.

Thermatomic Carbon Co.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **American Bantam Car** and a new analysis of **Panama Coca-Cola.**

Van Dorn Iron Works—Report—**Hughes & Treat,** 40 Wall Street, New York 5, N. Y.

Warner Brothers Pictures, Inc.—Special detailed review—Wechsler & Co., 120 Broadway, New York 5, N. Y.

Winters & Crampton Corporation—Memo on current situation—First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Business Man's Bookshelf

Business in Two War Periods—Leonard P. Ayres—The Cleveland Trust Company, Cleveland, Ohio—paper.

Model Bilateral Conventions for the Prevention of International Double Taxation and Fiscal Evasion—Report of second regional tax conference in Mexico, D. F., July 1943—League of Nations—International Documents Service, Columbia University Press, New York City—paper—$1.00.

Calendar Of New Security Flotations

OFFERINGS

EUREKA VACUUM CLEANER CO. on April 30 filed a registration statement for 122,500 shares ($5 par) common stock.

Details—See issue of May 10.

Offering—The price to the public will be filed by amendment.

Underwriters—Hornblower & Weeks and Kebbon, McCormick & Co. are named principal underwriters.

Offered May 31 at $14.375 per share.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SATURDAY, JUNE 16

UTAH OIL REFINING CO. on May 28 filed a registration statement for 198,828 shares of common stock (par $5).

Details—See issue of June 7.

Offering—The company is offering to its stockholders the right to subscribe to one new share at $9 per share for each six shares owned on the record date. Standard Oil Co. of Indiana, the holder of 75.2% of Utah's outstanding common stock, will subscribe to 149,523⅚ shares of the new stock.

Underwriters—None named.

SUNDAY, JUNE 17

FAIRMONT CREAMERY CO. on May 29 filed a registration statement for 60,000 shares of preferred stock, 4% ($100 par) and 62,773 shares of common stock (no par).

Details—See issue of June 7.

Business—Dairy industry.

Offering—The company is offering 40,000 shares of the new preferred on a share for share basis to the holders of a like amount of outstanding convertible preferred stock and is offering 42,773 shares of new common to holders of common at the rate of one share for each ten shares held. The subscription price will be filed by amendment. The remaining 20,000 shares of new preferred and any unexchanged shares purchased by the underwriters will be offered to the public at a price to be filed by amendment. The remaining 20,000 shares of common are to be issued by the company solely for the acquisition of additional property.

Underwriters—To be supplied by amendment.

TUESDAY, JUNE 19

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Business—Oil and gas business.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

SATURDAY, JUNE 23

LIBERTY LOAN CORP. has filed a registration statement for 65,000 shares of cumulative preferred stock, 50-cent convertible series (par $5).

Address—209 North La Salle Street, Chicago, Ill.

Business—Lending money under the provisions of State "small loan laws."

Offering—Price to the public is $10 per share.

Proceeds—For additional working capital. The company will receive $9 per share after underwriting discounts and expenses, and an amount equal to $4 per share, being the excess of such proceeds over the par value, will be credited to capital surplus.

Underwriters—Sills, Minton & Co., Inc., Chicago, is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5755. Form S-1. (6-4-45).

SUNDAY, JUNE 24

E. R. SQUIBB & SONS has filed a registration statement for 150,000 shares of $4 cumulative preferred stock (no par). Stockholders will vote June 25 on authorizing the issuance of the new preferred stock.

Address—745 Fifth Avenue, New York City.

Business—Manufacturing chemist, etc.

Offering—Company is offering to the holders of its 56,894 shares of Series A preferred and 42,012 shares of Series B preferred the right to exchange such shares, on a share for share basis, for the new $4 preferred, with adjustment of dividends of 20 cents on each share of Series A and 5 cents on each share of Series B stock exchanged. The remaining 51,094 shares and the unexchanged shares will be purchased by the underwriters and offered to the public at a price to be filed by amendment.

Proceeds—A part of the proceeds from the sale of the preferred will be applied to the redemption at $107.50 and accrued dividends on Aug. 1, 1945, of the outstanding shares of each issue not presented for exchange, and the balance will be added to working capital, to assist in carrying increased inventories and receivables, for the construction of additional manufacturing and warehousing facilities and for other corporate purposes.

Underwriters — Union Securities Corp. and Harriman Ripley & Co., Inc., head the group of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5756. Form S-1. (6-5-45).

STERLING DRUG CO. has filed a registration statement for 125,000 shares of 3½% cumulative preferred stock ($100 par).

Address—170 Varick Street, New York, N. Y.

Business—Manufacture and sale of pharmaceutical products.

Offering—Price to the public will be filed by amendment.

Proceeds—Net proceeds will be used to retire $9,500,000 of bank loans incurred in the acquisition of the Class B common stock of Winthrop Chemical Co. from General Aniline & Film Corp., and for additional working capital, a substantial part of which is to be used for expansion of plant and equipment. Company now owns all of the capital stock of Winthrop Chemical.

Underwriters—Eastman, Dillon & Co. heads the list of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5757. Form A-2. (6-5-45).

MARKET BASKET has filed a registration statement for 42,548 shares of $1 cumulative Series A preferred (par $15) and 85,095 shares of common (par $1).

Address—Pasadena, Cal.

Business—Operating chain food stores.

Offering—Price to the public will be filed by amendment. Of the total registered, 7,188 shares of preferred and 14,375 shares of common are to be offered by issuer, the balance by certain stockholders. The offering is to be made after reclassification of securities.

Proceeds—Issuers part to acquire outstanding stock of Doleshal Bros., Inc. Balance to selling stockholders.

Underwriters—Bateman, Eichler & Co. and Nelson Douglass & Co.

Registration Statement No. 2-5758. Form S-1. (6-5-45). Registration statement originally filed in San Francisco.

TUESDAY, JUNE 26

MOORE DROP FORGING CO. has filed a registration statement for 30,000 shares of cumulative convertible preferred stock and common stock. The dividend rate on the preferred, which will be sold for account of the company, will be filed by amendment. The number of common shares to be registered will be filed by amendment. The common stock is being offered by a number of stockholders. The registration statement also covers 20,000 common stock purchase warrants for the purchase of 20,000 shares of common issuable upon the exercise of the warrants and 120,000 shares of common for conversion of the preferred.

Address—33 Walter Street, Springfield, Mass.

Business—Production of drop forgings.

Offering—Price to public will be filed by amendment.

Proceeds—Net proceeds to be received from sale of preferred stock and warrants together with $640,000 from the sale of 2½% serial notes and treasury funds will be applied to redemption on Aug. 1, 1945, at $100 per share of all of the 22,376 Class A shares of the company outstanding, exclusive of 1,189 held by the company which are to be retired.

Underwriters—Lee Higginson Corp. heads the group of underwriters.

Registration Statement No. 2-5759. Form S-2. (6-7-45).

INCORPORATED INVESTORS has filed a registration statement for 1,300,000 shares of capital stock.

Address—One Court Street, Boston, Mass.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Underwriter—The Parker Corp., Boston, is named underwriter.

Registration Statement No. 2-5760. Form A-1, (6-7-45).

COMMERCIAL CREDIT CO. has filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Address—14 Light Street, Baltimore, Md.

Business—Specialized forms of financing and insurance.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Proceeds—Net proceeds will be used for the redemption of the outstanding preferred and to increase working capital.

Underwriters—Kidder, Peabody & Co. and First Boston Corp. are named principal underwriters.

Registration Statement No. 2-5761. Form A-2. (6-7-45).

PORTLAND GENERAL ELECTRIC CO. has filed a registration statement for $34,000,000 first mortgage bonds, due July 1, 1975. Interest rate will be filed by amendment.

Address—621 S. W. Alder Street, Portland, Ore.

Business—Public utility.

Offering—Price to the public will be filed by amendment.

Proceeds—Proceeds from sale of the bonds, plus a $4,000,000 bank loan and other funds of the company will be applied to the redemption on Oct. 1, 1945, of $39,565,000 first and refunding mortgage gold bonds, 4½% series due 1960 at 102 plus accrued interest.

Underwriters—The bonds will be offered for sale under the Commission's competitive bidding rule and the names of underwriters will be filed by amendment.

Registration Statement No. 2-5762. Form S-1. (6-7-45).

COLGATE-PALMOLIVE-PEET CO. has filed a registration statement for 125,000 shares of $3.50 preferred stock (no par).

Address—105 Hudson Street, Jersey City, N. J.

Business—Manufacture of soap, cleansing agents, dentifrices, other toilet articles, etc.

Offering—Company expects to offer holders of its $4.25 outstanding preferred an opportunity to exchange such stock for the new preferred on a share for share basis plus a cash adjustment. Cash proceeds to be received from the sale of unexchanged shares to underwriters, together with treasury funds of the company to the extent required, will be applied to redeem at $101 per share plus accrued dividends all unexchanged shares.

Purpose—To retire presently outstanding preferred stock.

Underwriters—Dillon, Read & Co., Inc. head the underwriting group, with names of others to be filed by amendment.

Registration Statement No. 2-5763. Form S-1. (6-7-45).

WEDNESDAY, JUNE 27

ELLIOTT CO. has filed a registration statement for 40,000 shares of 5% cumulative preferred stock (par $50) and 86,406 shares of common (par $10).

Address—Jeannette, Pa.

Business — Manufacture of steam turbines, electric generators, motors, etc.

Offering—Price to the public will be filed by amendment. Company proposes to call its 5½% cumulative convertible preferred stock and, to the extent that common shares reserved for reconversion of preferred are not issued for such purpose, company proposes to sell such common shares to the underwriter. Prior to the public offering of any common shares a post-effective amendment will be filed.

Purpose — To redemption of preferred stock and working capital.

Underwriters—F. Eberstadt & Co. is named principal underwriter.

Registration Statement No. 2-5764. Form S-2. (6-8-45).

PAN AMERICAN AIRWAYS CORP. has filed a registration statement for 3,986,522 shares of common stock (par $2.50).

Address—15 Exchange Place, Jersey City, N. J.

Business — A holding company which owns subsidiaries engaged in transportation of passengers, property and mail.

Offering—Company will offer 1,993,261 units to shareholders on the basis of one unit for each two shares held. The unit will consist of one share of common stock and a warrant to purchase an additional share at $18 per share. Rights expire Dec. 31, 1947. The offering price will be filed by amendment. Atlas Corp. has guaranteed that stockholders will take up to $25,000,000 of the units and in event the subscriptions fall under that amount Atlas will take up sufficient units to bring the total to $25,000,000, with the right to take in excess of $25,000,000 if it desires. If stockholders take up to $25,000,000 of the units, Atlas will receive 500,000 warrants. The 500,000 warrants to be received by Atlas are to be reduced by the number of units to be purchased in meeting its commitment. Under the underwriting agreement Atlas is not permitted to hold more than 200,000 shares. It will be necessary to make a secondary offering of any shares taken down by Atlas under their commitment or upon the exercise of warrants in excess of 200,000 shares.

Proceeds—Net proceeds will be placed in the general funds of the company to be used, with other general funds, for the repayment of outstanding bank loans, capital expenditures, including the purchase of flight and ground equipment, and additional working capital.

Underwriters—Atlas Corporation.

Registration Statement No. 2-5765. Form S-1. (6-8-45).

THURSDAY, JUNE 28

HAMILTON WATCH CO. has filed a registration statement for 35,000 shares of 4% convertible preferred stock (par $100).

Address — Columbia Avenue, Lancaster, Penna.

Business—Normal business manufacture of high grade watches.

Offering—Preferred shares are being offered by the company to the holders of its common shares at the rate of one preferred share for each 11 common shares at a price to be filed by amendment. The unsubscribed shares will be purchased by the underwriters and offered to the public at a price to be filed by amendment.

Purpose—Redemption on Sept. 1, 1945, of all then outstanding 6% cumulative preferred at $105 per share plus accrued dividends.

Underwriters — Union Securities Corp., Dillon, Read & Co., Inc., Harris, Hall & Co., Inc., Morgan Stanley & Co. and Reynolds & Co.

Registration Statement No. 2-5766. Form S-1. (6-9-45).

BURLINGTON MILLS CORP. has filed a registration statement for 150,000 shares of preferred stock (par $100). The dividend rate will be filed by amendment.

Address—Greensboro, N. C.

Business — Manufacture of woven and knitted fabrics from rayon, other synthetic yarns, etc.

Offering—Price to the public will be filed by amendment.

Proceeds—Net proceeds will be used to prepay a 3% promissory note outstanding in the amount of $8,000,000, and to redeem all of the 58,602 shares of 5% cumulative preferred stock at $108.50 per share. Balance of net proceeds will be added to general funds.

Underwriters—Kidder, Peabody & Co. head the underwriting group, with names of others to be filed by amendment.

Registration Statement No. 2-5767. Form A-2. (6-9-45).

MOUNTAN STATES POWER CO. has filed a registration statement for $7,500,000 first mortgage bonds, due July 1, 1975. The bonds are to be sold at competitive bidding, with the successful bidder naming the interest rate.

Address — 236 Lyon Street, Albany, Oregon.

Business—Public utility.

Offering—Price to the public will be filed by amendment.

Proceeds—Net proceeds will be applied toward the redemption of presently outstanding $7,500,000 first mortgage bonds, 4¼% series due Jan. 1, 1965, at 104 plus accrued interest.

Underwriters—To be filed by amendment.

Registration Statement No. 2-5769. Form S-1. (6-9-45).

SATURDAY, JUNE 30

ED. SCHUSTER & CO., INC., has filed a registration statement for 18,504 shares of 4¼% cumulative preferred stock ($100 par). The total includes 13,679 shares to be sold by the company and 4,825 shares to be sold by certain stockholders.

Address—2153 North Third Street, Milwaukee, Wis.

Business — Operates three department stores in Milwauke..

Offering—Price to the public will be filed by amendment.

Proceeds—Company's share of the proceeds will be added to its general funds pending specific allocation. The company has in contemplation a tentative program for modernization and expansion the cost of which has been estimated at $3,000,000. It the plan is undertaken the company would expect to provide a substantial portion of the additional funds which may be required through the proceeds of future financing.

Underwriters—Wisconsin Co. heads the underwriting group.

Registration Statement No. 2-5770. Form S-2. (6-11-45).

THE TRAILMOBILE CO. has filed a registration statement for 40,000 shares $2.25 cumulative convertible preferred stock, par $50.

Address—31st and Robertson Avenue, Cincinnati, Ohio.

Business—Company is the second largest manufacturer of truck-trailers in the United States.

Offering—Price to the public will be filed by amendment.

Proceeds—The net proceeds will be used to the extent of $395,325 in the redemption of the presently outstanding 3,765 shares of 7% cumulative preferred at the redemption price of $105 on Oct. 1, 1945. The balance will be used in the acquisition of additional facilities and for working capital.

Underwriters—The underwriters are W. E. Hutton & Co., Paul H. Davis & Co. and Bacon, Whipple & Co.

Registration Statement No. 2-5771. Form S-1. (6-11-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN ENGINEERING CO. on Feb 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures due 1960 and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $7.50 per share

Underwriters—Van Alstyne, Noel & Co heads the underwriting group, with the names of others to be supplied by amendment.

ARKANSAS-MISSOURI POWER CORP on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

CENTRAL OHIO LIGHT & POWER CO on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

ELECTROMASTER, INC. on March 29 filed a registration statement for 107,923 shares of common stock, par $1. All of the stock is issued and outstanding and is owned by Nash-Kelvinator Corp. (being 55.17% of total outstanding stock).

Details—See issue of April 5.

Offering—Offering price to the public is $8 per share.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

GASPE OIL VENTURES, LTD., on May 8 filed a registration statement for 1,500,000 shares of common stock ($1 par) and 200,000 common share purchase warrants and 200,000 shares of common reserved for warrants.

Details—See issue of May 17.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase wararnts for the purchase of 2,000 shares of common for each 15,000 shares of common stock sold in the offering at a price of 45 cents per share.

Underwriter—Tellier & Co.

A. HARRIS & CO. on April 23 filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.

Underwriters—Dallas Rupe & Son of Dallas, Texas.

LAISTER-KAUFFMAN AIRCRAFT CORP. on April 19 filed a registration statement for 17.702 shares first preferred stock, 6% cumulative (par $25), 262,314 shares class A common (par $1), 250,000 shares class B common (par 5 cents) and 260,136 shares class C common (par 5 cents).

Details—See issue of April 26.

Underwriters—John R. Kauffman Co. is named principal underwriter.

MAJESTIC RADIO & TELEVISION CORP. on April 24 filed a registration statement for 61,965 shares of common stock, one cent par value. The shares are being sold by certain stockholders.

Details—See issue of May 3.

Offering—Price to the public will be $5.50 per share.

Underwriters—Kobbe, Gearhart & Co., Inc., is named principal underwriter.

MORRISON-KNUDSEN CO., INC., April 12 filed a registration statement for 4,000 shares series M 5% and 3,000 shares series N 6% cumulative preferred stocks both $100 par value.

Details—See issue of April 19.

Offering—The preferred stock will be sold at par.

Underwriters — Wegener & Daly, Inc., Boise, Idaho, is underwriter for the preferred stock.

NU-ENAMEL CORP. on March 30 filed a registration statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Details—See issue of April 5.

Offering—Company is initially offering new preferred to holders of its common stock for subscription at $10 per share on basis of one share of preferred for each 6½ shares of common. Unsubscribed shares will be offered to public by underwriter at $10 per share.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

Awarded May 22 to Blyth & Co., Inc. at $36.76 7/10 per share.

The SEC on May 23 refused to approve the bid, stating that competition had "been stifled."

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

RACQUET CLUB OF WASHINGTON, D. C. on May 25 filed a registration statement for $492,300 extension first mortgage 3% bonds dated Jan. 1, 1945, to mature Jan. 1, 1965, to replace a like amount of bonds which matured Jan. 1, 1945. The University Club of the City of Washington (guarantor) joined in the application.

Details—See issue of June 7.

Underwriters—None named.

RICHMOND RADIATOR CO. on May 11 filed a registration statement for 333,333 shares of common stock (par $1).

Details—See issue of May 17.

Offering—The company is offering to holders of its common stock of record at the close of business May 31, 1945, the 333,333 additional shares of common at $3 per share, in the ratio of one share for each two shares held. Reynolds Metals Co., which owns 61.47% of the common stock of Richmond, will, if necessary, waive rights to the extent required to provide shares for stockholders other than itself, since on a mathematical basis the stockholders, including Reynolds, would be entitled to about 97/100 of a share for each two shares. Otherwise Reynolds will subscribe to its full share, and will also purchase at $3 per share any stock not subscribed for by other stockholders. The rights to subscribe will expire July 5.

Underwriters—None named.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12.500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11.822 authorized but unissued shares of common at $12.50 per share.

Underwriters—None named.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Hearings on stop order proceedings were held before the SEC on April 25.

OPA Methods Upheld

The Supreme Court, in an 8-1 decision delivered by Justice Murphy, Justice Roberts dissenting, upheld the Office of Price Administration in its practice of basing ceiling prices on deliveries actually completed during the March, 1942, base period rather than on contracts made during that time, according to an Associated Press report from Washington, June 4.

OPA said the issue presented to the tribunal affected forty-seven price regulations on such items as furniture, household appliances, fuels and chemicals.

The agency appealed from decisions by the Southern Florida United States District Court and the Fifth Federal Circuit Court in a case involving sales of crushed stone by the Seminole Rock and Sand Co. of Miami, Fla., to the Seaboard Air Line Railway.

OPA contended Seminole could not charge Seaboard more than 60 cents a ton because that was the price which Seminole got for stone actually delivered to Seaboard in March, 1942—the base period for determining prices. This stone was delivered under an October, 1941, contract. In later contracts, signed in October and December of 1942, the price to Seaboard was raised to 85 cents and then to $1.

OUR REPORTERS' REPORT

Business has slowed to a walk in the corporate new issue field in deference to the Treasury's Seventh War Loan Drive which is now in full swing. But if only a portion of the potential new business, which some observers see in prospect, materializes the approaching summer promises to be one of the busiest in the history of the underwriting industry.

Tucked away in the corner of the desk blotter of one man who keeps continuously in close touch with the overall situation is a pad with a roster of some 52 separate issues which he regards as prospects once the current war loan dirve is consummated.

As he says himself, "not all of these prospects will necessarily develop into actual business. But," he adds, "at least two accounts have been formed in each of the potential issues. "Accordingly, he concludes, "these are situations that are alive and likely to be more actively discussed as the turn of the month approaches."

Topping the list, of course, is the huge refinancing, involving $175,000,000, projected by American Telephone & Telegraph, followed closely by an operation embracing refunding of $45,000,000 of its debt by Southern Bell Telephone Co., an A. T. & T. subsidiary.

But the over-all line-up is a good cross-section of industry generally and includes a host of sizable railroad projects as well as several substantial industrial plans for replacement of outstanding preferred stocks.

Scanning New Fields

Corporations generally have pretty well accomplished the task of bringing their funded debt structures into line with the existing money market, with substantial interest savings, and now are given to looking over the field with an eye to replacement of high-dividend preferred stocks.

Several of those operations promise to comprise a large segment of business in the new issue market during the July-August period. Four such undertakings alone now definitely in the works, involve approximately $100,000,000.

Largest of these is Reynolds Tobacco Co.'s projected issue of $49,000,000 of new preferred; followed by Commercial Credit Co.'s $25,000,000 issue, Colgate-Palmolive-Peet's $12,500,000 and Bristol-Myers Co.'s $7,500,000 undertakings. These are offerings which will be handled by direct negotiation with bankers since they are not subject to the competitive bidding rule of the SEC.

N. Y. State Electric

There are indications that New York State Electric & Gas Corp., may be required by the Public Service Commission to increase its set-aside from earnings for debt retirement and improvements, as the price of approval of its refinancing plan by the State body.

The company plans to seek bids in July for $10,000,000 new bonds and $15,000,000 preferred stock to retire $13,000,000 of outstanding 3¾s, due 1964 and $12,000,000 of 5.1% preferred stock.

At present the company is charging off $1,380,000 against earnings for bond redemption and property additions under an earlier order of the Commission, against $1,500,000 being paid annually in dividends to NY PA NJ Utilities Co., which holds control and is in turn controlled by Associated Gas & Electric Corp.

Railroad Prospects

Well up on the list of prospective refunders in the railroad field is Great Northern Railway which last September sold $100,000,000 of new issues to replace outstanding debts.

The company is now regarded as quite certain to go through with refinancing of its outstanding $50,000,000 of Series I 3¾s, due 1967, subject to call at 104 on nine weeks' notice on any interest date.

This operation would very likely wind up the road's refunding plans for two years ago since the only other sizeable issue subject to call, the 4½s of 1977, cannot be replaced before July, 1947.

Rejects Tariff Cut Power for Truman

On a vote of 10-to-9, the Senate Finance Committee turned down the Administration's request for authority to cut tariff rates an additional 50%, and then reported the reciprocal trade agreement extension bill favorably, the Associated Press reported from Washington June 8, and went on to say that in spite of the Committee's action Senator George (Dem.-Ga.), the Chairman, expressed determination to try to write the additional rate-cutting authority back into the measure when it is called up in the Senate.

The Committee turned down five other amendments, including one sponsored by Senator O'Mahoney (Dem.-Wyo.)—not a member of the Committee—which would have provided for Congressional review of all new trade agreements and rate cuts. It lost by a vote of nine to ten.

By exactly the same vote, the committee rejected an amendment by Senator Taft (R.-Ohio), which would have limited the extension of the trade law to two years rather than three. Also rejected were amendments to freeze the import duties on wool and cordage. The amendment eliminating the additional tariff cutting power also was presented by Senator Taft.

Voting for it were: Senators Walsh (D.-Mass.), Gerry (D.-R.I.), Johnson (D.-Col.), Taft (R.-Ohio), Thomas (R.-Idaho), Butler (R.-Neb.), Millikin (R.-Col.), Brewster (R.-Me.), Bushfield (R.-S.D.), and Hawkes R.-N. J.). Lined up against it were Chairman George and Senators Barkley (D.-Ky.), Bailey (D.-N. C.), Byrd (D. Va.), Guffey (D.-Pa.), Radcliffe (D.-Md.), Lucas (D.-Ill.), McMahon (D.-Conn.) and LaFollette.

(The "Chronicle" reported the House passage of the tariff bill in the June 7 issue, p. 2535.)

Brussels Bourse Opens

There has been a resumption of trading on the Brussels Bourse, which has reopened its doors after a nine months' suspension, according to a special dispatch from there to "The Wall Street Journal" on June 5, which continued, stating:

The first day of the session was animated, though actual trading was confined to Government funds. Prices were considerably below those quoted at the end of last August when the Bourse closed. For example, the 2½% loan was quoted at 77.50, against 83.50 nine months ago, the 3% loan at 85, against 99.65, and issues of Treasury bonds were down three to five points. Numerous buying orders had been placed by insurance companies, but private selling orders were relatively few.

No effective prices were quoted for non-Government bonds or stocks, nor were "bid and asked" prices published. The trend, however, is reported to have been fairly favorable, with small offerings in the established leaders, and with colonials in demand in the expectation of good interim dividends.

The brokerage commission for Government paper has been fixed at 5 per mille, against the former rate of 3 per mille, and for non-Government bonds and shares at 7½ per mille, against 5 per mille previously.

DIVIDEND NOTICES

The Chesapeake and Ohio Railway Co.

A dividend for the second quarter of 1945 of seventy-five cents per share on $25 par common stock will be paid July 2, 1945, to stockholders of record at close of business June 2, 1945.

A special dividend payable in common stock of The Pittston Company at the rate of one share of Pittston common for each forty shares of $25 par common stock of The Chesapeake and Ohio Railway Company held will likewise be paid July 2, 1945, to stockholders of record June 2, 1945.

Transfer books will not close.

H. F. LOHMEYER, *Secretary*

International
MINERALS & CHEMICAL CORPORATION

General Offices
20 North Wacker Drive, Chicago

★

Dividends were declared by the Board of Directors on May 28, 1945 as follows:

4% Cumulative Preferred Stock Regular Quarterly Dividend of One Dollar ($1.00) per share

$5.00 Par Value Common Stock Fifty Cents (50c) per share

Both dividends are payable June 30, 1945 to stockholders of record at the close of business June 15, 1945.

Checks will be mailed.

Robert P. Resch
Vice President and Treasurer

★

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LION OIL REFINING COMPANY
El Dorado, Arkansas

A quarterly dividend of 25¢ per share and an extra dividend of 10¢ per share have been declared on the Capital Stock of this Company, both payable July 14, 1945, to stockholders of record June 30, 1945. The stock transfer books will remain open.

E. W. ATKINSON, *Treasurer*

June 11, 1945

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"

June 7, 1945

THE Board of Directors on June 6th, 1945 declared a quarterly dividend of 37½c per share on the outstanding Common Stock of the Company, payable on the 30th day of June, 1945 to stockholders of record at the close of business on the 19th day of June, 1945. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

Universal Pictures Company, Inc.

DIVIDEND

The Board of Directors has declared a quarterly dividend of 50c per share on the outstanding stock of the Company, payable July 31, 1945 to stockholders of record at the close of business on July 16, 1945.

COLUMBIA GAS & ELECTRIC CORPORATION

The Board of Directors has declared this day the following dividends:

Cumulative 6% Preferred Stock, Series A
No. 75, quarterly, $1.50 per share

Cumulative Preferred Stock, 5% Series
No. 65, quarterly, $1.25 per share

5% Cumulative Preference Stock
No. 54, quarterly, $1.25 per share

payable on August 15, 1945, to holders of record at close of business July 20, 1945.

DALE PARKER
June 7, 1945 *Secretary*

Exide BATTERIES

THE ELECTRIC STORAGE BATTERY COMPANY

179th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a dividend of fifty cents ($.50) per share on the Common Stock, payable June 30, 1945, to stockholders of record at the close of business on June 11, 1945. Checks will be mailed.

H. C. ALLAN,
Secretary and Treasurer

Philadelphia 32, June 1, 1945

EATON & HOWARD BALANCED FUND

The Trustees have declared a dividend of 20 cents a share payable June 25, 1945 to shareholders of record at the close of business June 16, 1945.

June 12, 1945 24 Federal Street, Boston

OFFICE OF LOUISVILLE GAS AND ELECTRIC COMPANY

The Board of Directors of Louisville Gas and Electric Company (Delaware) at a meeting held on June 8, 1945, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company for the quarter ending May 31, 1945, payable by check June 26, 1945, to stockholders of record as of the close of business June 18, 1945.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending May 31, 1945, payable by check June 26, 1945, to stockholders of record as of the close of busines June 18, 1945.

G. W. KNOUREK, Treasurer.

New York & Honduras Rosario Mining Company
120 Broadway, New York, N. Y.

June 13, 1945.

DIVIDEND NO. 371

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the second quarter of 1945, of Seventy Cents ($.70) a share on the outstanding capital stock of this Company, payable on June 30, 1945, to stockholders of record at the close of business on June 20, 1945.

W. C. LANGLEY, Treasurer,

UNITED FRUIT COMPANY

DIVIDEND NO. 184

A dividend of one dollar per share on the capital stock of this Company has been declared payable July 14, 1945 to stockholders of record at the close of business June 21, 1945.

LIONEL W. UDELL, Treasurer.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The 2½s due 1967/72, the highest yielding taxable bond that can be bought by commercial banks, is still the bellweather of the Government bond market. . . . Although this issue continues to move into new alltime high ground, it is still considered the most attractive taxable obligation for the commercial banks, especially for those institutions that have savings deposits. . . . Holders of the 2½s due 1952/54 and the 2½s due 1956/58 are being advised to sell these bonds and to reinvest the proceeds in the 2½s due 1967/72. . . .

TAXABLES GAIN

Helped by the sharp demand for the longest unrestricted taxable obligation, the entire taxable list improved with the best showing made by the 2s due 1951/53, the 2s due 1951/55 and the 2s due 1952/54. . . .

A better tone was in evidence in the shorter maturities such as the 2s of 49/51, and the 2s of 50/52, as these issues were taken on by institutions who feel that they give an attractive return at these levels. . . .

It was pointed out by certain purchasers of these securities, that they believe that these obligations at present levels are pretty well adjusted to the new offering of the 5½ year 1½s. . . .

CAUSE AND EFFECT

It is indicated that if the new 1½s due December 15, 1950 go to as substantial a premium as is looked for, the shorter maturities of the outstanding 2s will be very little effected by the new financing. . . .

Improvement was registered in the restricted issues as the 2½s due 1965/70 and 1966/71 moved ahead to bring them in line with the price advance that has taken place in the shorter maturities of these bonds. . . .

WHY A PREMIUM?

For individuals and others who can buy the 2½s due 6/15/67/72, that are available in the Seventh War Loan, at 100, there seems to be no reason why they should pay a premium for the outstanding obligations. . . . The buying that is going on in the outstanding restricted issues is probably due in part to the fact that the older bonds will become eligible for bank investment several years ahead of the new ones. . . . Some profit taking and switching out of the 2¼s due 1956/59 was reported, but this issue held firm and gave up very little of its recent advances. . . .

The recommendation is still being made that these bonds be taken on by those who are in a position to do so, at these levels, with the advice that larger amounts be purchased if weakness should develop in them during the final phase of the drive. . . .

MARKET FAVORITE

The outstanding issue in the partially exempts is the 2¾% due 1960/65, which registered the largest gain in the market, and went to another alltime high. . . . This bond as well as the 2¾% due 1958/63, which also made a new alltime high, were bought because of the favorable "tax free yield" that is available in these obligations compared with similar issues of the taxable bonds. . . . The 2¾% due 1956/59, the 2⅞% due 1955/60, the 2¼% due 54/56 and the 2% due 55/53 also showed substantial advances. . . . The short and intermediate maturities of the partially exempts registered minor gains. . . .

These issues however are not considered too attractive at these levels since in many instances the taxable obligations give a larger "tax free yield" than is obtainable in the partially exempt issues. . . . The last four maturities of the partially exempts are still considered the most attractive obligations in this group. . . .

OPINION

Likewise appreciation possibilities exist in these bonds as long as the "tax free yield" on these obligations is larger than that available in comparable maturities of the taxable securities. . . . The opinion is held in certain quarters that the long partially exempt issues will not be subjected to downward price adjustments despite present high levels, unless there is a recession in the prices of the taxable issues. . . . If there should be a sell off in the taxables and the partially exempts from these levels, the opinion is still held that it will not be substantial and will be very temporary. . . .

Accordingly the recommendation is still being made that on any price weakness the issues that meet the needs of individuals and institutions should be picked up in substantial amounts. . . .

BRITISH POLICY

Although full details are not yet available, reports indicate that the British issuance of 2½% War Bonds will result in a slight decrease in the cost of carrying the debt burden in that country. . . . The adoption by the English of a 1¾% rate instead of a 2½% rate, last year, was given as one of the important reasons for the sharp rise in prices in our Government market. . . . This price rise made it possible for the Treasury to finance with a 1½% rate instead of a 2% rate. . . .

Despite what happened in the past, informed students of the money markets are of the opinion now, that the pattern of financing here is so well set that changes in rates elsewhere would have no effect on our rates. . . .

They point out that our policy of financing meets the needs of the Treasury which is to finance as cheaply as possible. . . . The money markets in this country will be determined by the needs of the Treasury, and the government has the power to maintain rates at present low levels. . . . The Treasury will continue to offer long term 2½% to insurance companies and savings banks, and this rate for long term funds is satisfactory to institutional investors. . . .

POST-WAR

The liquidity of our money markets in the post-war period, particularly once a substantial return flow of currency from circulation sets in, and gold returns, is bound to be great. . . . This in turn will prevent any material increase in rates of interest on short term Government obligations such as certificates and notes, which will be taken by the banks. . . . Medium maturities of Governments are not expected to change much from present levels. . . . The shortage of long term high coupon bonds the commercial banks can buy will mean higher price and lower yields for the outstanding securities. . . .

While the Treasury will no doubt continue to supply the market with restricted long term 2½s, the decline in yield of those outstanding securities which commercial banks can buy tends to pull down the general level of interest rates. . . .

Vernon Brown to Admit

Vernon C. Brown & Co., 71 Broadway, New York City, members of the New York and Philadelphia Stock Exchanges, will admit Thomas J. Brady to general partnership and Gertrude W. Brown to limited partnership on June 22. Mr. Brady, who was formerly a partner in the firm, will acquire the Stock Exchange membership of Arthur J. McKenna.

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Georgeson Co. Admits Several New Partners

Georgeson & Co., 52 Wall Street, has admitted Gardner B. Perry, Mary Vail Andress and Florence E. Nye to partnership. Other partners are Richard S. Nye and Dorothy Seitz. Mr. Perry has been with the firm in charge of the Boston office. Miss Andress has been manager of the uptown New York branch.

Arthur Zúcker Dies

Arthur Zucker, member of the New York Stock Exchange with offices at 39 Broadway, New York City, died at his summer hame at the age of sixty-four.

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The Financial Situation

What is happening in Russia? What leads Russia to act so persistently in ways which are so inexplicable to us? What is Russia's "game" at the present time? Why does Russia appear to go out of her way to arouse the suspicions, the antagonisms, and at times the anger of the rank and file of the countries with whom she is supposed to be cooperating? These and a dozen other similar questions are heard today in this country on all sides. Even some of the most ardent friends of Russia have of late become definitely and openly exasperated by the antics of "the communists," who are supposed, or at any rate are practically everywhere believed, to take their cue from Moscow.

Any one not of Russian blood and not seeped in the "ideology" and "spirit" of the Russian communist movement who undertakes to explain the conduct of the present day Russian and his Government is foolhardy indeed. He is much more likely himself to need explanation than he is to lead his fellows to understand the Russian mind and behavior. That fact has been evident enough since the widely publicized treason trials in Russia some years ago, and it is a fact which we all should be well advised to keep actively in mind these days. It may help us over some rough spots during the next few years.

Some Aspects Clear Enough

But there are certain aspects of what might be termed the current Russian "situation," which are clear enough to the thoughtful observers, but which apparently are not to many who are commenting upon Russia and her behavior toward her friends and allies. If we as a people are to make headway in our dealings with that strange land and that strange people it is of the utmost importance that we get our thinking straightened out with respect to these

(Continued on page 2640)

British Policy Unsolved Problem of Economic Stabilization: Burgess

President of ABA Sees Critical Era for England, Which will Aflect Much of the World Trade and Points Out That Welfare of U. S. and Great Britain Are Bound Together.

W. R. Burgess

In an address before the Officers and Executive Council of the American Institute of Banking at Cleveland, Ohio, on June 5, W. Randolph Burgess, President of the American Bankers Association and Vice-Chairman of Board of the National City Bank of New York, took the position that the Bretton Woods Agreements, even if adopted, will undergo serious difficulties in operation and that no world economic and monetary stabilization will be forthcoming unless Great Britain is assisted in adopting a definite program of post-war reconstruction, and unless the British are willing to commit themselves to the stabilization of their currency and the removal of exchange controls.

"In any survey of post-war economic problems all roads lead back to England," Mr. Burgess stated, "for Britain has been and is a great center of world trade and finance on which many other countries depend. A strong England to hold this network together is a direct advantage to the United States. Much of the world's trade is done in dollars and pounds sterling. Sterling in turn rests on the British balance of payments and that has been badly disrupted. England has spent her substance for war, and her income from investment and shipping is curtailed. Her exports must be rebuilt from the ground up and she must have imports to feed her people, to supply the raw materials for her industries, and to rebuild her homes. Her short-term debt to others has piled up to something like $12 billion. A plan for Britain is the core of any positive world financial program."

"But the British problem is not merely economic," he added. "It is also psychological and political. Until the British see their own way more clearly they are not going to be very enthusiastic about large post-war world blueprints.

"For Britain the whole period between wars was difficult. So people look back critically over the economic policies followed, and seeking a scapegoat, find it in

(Continued on page 2652)

The Bases for World Trade

By WINTHROP W. ALDRICH*
Chairman of the Chase National Bank of New York
President, International Chamber of Commerce

Leading American Banker Calls Attention to the Reactivation of the International Chamber of Commerce, Established a Quarter Century Ago and to the Problems to Be Undertaken by This Organization in Rebuilding World Trade. Urges That Existing Trade Barriers Be Reduced, That Cartels and Commodity Agreements Be Opposed, That Constructive Foreign Lending Policies Be Developed and That the Values of the Principal Currencies Be Stabilized. Favors Reenactment of the Reciprocal Trade Agreements Act and Calls For a World Trade Conference to Implement Article IV of the Atlantic Charter.

W. W. Aldrich

The economic and financial problems resulting from the first World War led to the organization of the International Chamber of Commerce a quarter of a century ago. Business interests of five of the allied nations, Great Britain, France, Italy, Belgium and the United States, convening in 1919, decided to establish the Chamber in order that industry and finance might assist in world reconstruction. For similar reasons the decision was reached at the time of the International Business Conference, held at Rye, N. Y., last November, to reactive the International Chamber of Commerce, which has been dormant since September, 1939. With the end of the European war in sight, it was concluded that the Chamber could again resume its significant role of serving as a world parliament of business.

Doubtless one of the first problems to which the membership of the International Chamber of Commerce will wish to devote their attention is that of international trade. They realize full well that a healthy volume of world trade is essential for peace and prosperity, just as peace itself is essential for expanding international trade.

The rebuilding of world trade requires that trade barriers be reduced, that cartels and commodity agreements be opposed, that constructive foreign lending policies be developed on the part of creditor nations, and that the foreign exchange values of the principal currencies of the world be stabilized. It is to these bases or prerequisites of international trade that I wish to devote my comments this evening.

Trade Barriers

The first prerequisite for an expanded world trade is the reduction of trade barriers. Since its inception the International Chamber of Commerce has exerted its full influence in the direction of freer international trade. In 1921, at the invitation of the Council of the League of Nations, it participated in conferences having to do with the simplification of customs procedures. In 1925, at the Brussels Congress, the International Chamber of Commerce appealed to business men of all countries to exert their influence for the removal of extreme tariffs, unreasonable customs regulations, and all unnatural and uneconomic restrictions to world trade.

Had the efforts of the International Chamber of Commerce in the direction of freer trade succeeded, the aggressive forces of the world might have been checked. But, unfortunately, in the early 'twenties political uncertainties, currency difficulties and the creation of new States in central Europe led to increased trade controls. Although, later in the decade, some progress was made in the direction of freer international trade, the progress achieved was disappointingly slow. It consisted principally in the simplification of customs administration and tariff nomencla-

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*An address by Mr. Aldrich before the Canadian Manufacturers Association, at Toronto, Canada, June 6, 1945.

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From Washington Ahead of the News

By CARLISLE BARGERON

Carlisle Bargeron

Back in the recent Presidential campaign there was a tremendous agitation about Sidney Hillman and we do not mind saying that we were as much of it as we could be. One of our embarrassments was the citing, on the part of the opposition, of frequent statements in the past by industrialists to the effect that Sidney was a nobleman because he had taken the chaos out of this industry and that. Because of his having done this, Sidney had many friends among the Conservative ranks, and notwithstanding that few, if any, of the Conservative ranks were now for him in his enterprise of reelecting Mr. Roosevelt, their statements of the past now thrown up against us, were disconcerting.

We are beginning, reluctantly, to think that Sidney is really a contribution to the Private Enterprise system. By this, we mean that apparently all sorts of strictly American enterprises are revolving around him. He has his CIO-PAC. Very well, the United States Chamber of Commerce has set in motion an organization opposed to him, to head him off, to kill his influence on national affairs. This requires the spending of money, the putting of money in circulation; it requires personnel. In brief, it gives men jobs. In the first place, Sidney's organization gives men jobs. Now, to combat him is the Chamber's organization which must also give men jobs.

On top of this, there has just been a gentleman in Washington who announces the formation of another organization to hold Sidney down. He is Mr. J. D. Zurcher, unquestionably a man of parts, who has for the past five years been heading up what is known as the Committee to Defend Life Insurance Policy Holders or something like that. Mr. Zurcher had a press conference here at which he explained that 14 regional organizations were to be

(Continued on page 2647)

Let's Never Be Losers!

"The United States is vitally interested in recognizing the principle that treaties renouncing war have juridical as well as political meaning. We relied upon the Briand-Kellogg Pact and made it the cornerstone of our national policy. We neglected our armaments and our war machine in reliance upon it.

"All violations of it, wherever started, menace our peace as we now have good reason to know. An attack on the foundations of international relations cannot be regarded as anything less than a crime against the international community, which may properly vindicate the integrity of its fundamental compacts by punishing aggressors.

"We therefore propose to charge that a war of aggression is a crime, and that modern international law has abolished the defense that those who incite or wage it are engaged in legitimate business. Thus may the forces of the law be mobilized on the side of peace."—Justice Robert H. Jackson, Chief of Counsel for the United States in the prosecution of Axis war criminals.

It is very well for the United States or any other power to "charge" such things as these.

The question is where can a truly disinterested court be found to hear and decide these pleas either of law or of fact? The answer is, of course, that none can be found.

We had better be doubly certain to win any future wars in which we may become involved. Henceforth losers are more or less certain to be adjudged "criminals."

Jackson Pledges Punishment of War Criminals

In a 5,000 word report to President Truman, Supreme Court Justice Robert H. Jackson, chief of counsel for the United States in the prosecution of Axis war criminals, urges that sure punishment be meted the guilty, and expressed opposition to any dilatory tactics in trial procedure, the Associated Press reported from Washington, June 7.

Stating that the trials could not be regarded in the same light as trials under the American system, where defense is a matter of constitutional right, Justice Jackson continued:

"Fair hearings for the accused are, of course, required to make sure we punish only the right men and for the right reasons," he said. "But the procedure of these hearings may properly bar obstructive and dilatory tactics resorted to by defendants in our ordinary criminal trials."

Failure to try those accused, he stated, "would mock the dead and make cynics of the living."

Justice Jackson told President Truman that he had assurance from the War Department that those likely to be accused as war criminals "will be kept in close confinement and stern control."

He said the preparations for the prosecution of major war criminals will not impede or delay trials of other offenders guilty of lesser crimes.

He said negotiations for an International Military Tribunal, representing the United States, the United Kingdom, Soviet Russia and France, to try guilty Nazis, have not yet been completed, but that he did not consider it wise to wait this final step before preparing the American case.

He said the American case was being prepared on the assumption that an "inescapable responsibility rests upon this country to conduct an inquiry, preferably in association with others, but alone if necessary, into the culpability of those whom there is probable cause to accuse of atrocities and other crimes."

He added that there are many such men "in our possession."

While it has cost "unmeasured thousands of American lives to beat and blind these men," Justice Jackson declared, their trials should be "as dispassionate as the times and horrors we deal with will permit."

He pointed out that his own responsibilities extend only to major criminals whose offenses have no particular geographical localization and who will be punished by joint decision of the Allied Governments as provided in the Moscow declaration of Nov. 1, 1943. In his visit to the European theater, he said, he attempted to establish standards and the cases fall into three general categories:

1. Offenses against military personnel of the United States, such as the killing of American airmen who crash-landed, and other Americans who became prisoners of war. He said that field forces from time immemorial have dealt with such offenses on the spot. Authorization of such action was withdrawn for a time through fear of stimulating retaliation, he said, but "the surrender of Germany and liberation of our prisoners has ended that danger." Accordingly, he suggested, the morale and safety of American troops and effective control of enemy areas require prompt resumption "of summary dealing with this type of case."

2. Offenders who are to be sent back to the scene of their crimes for trail by local authorities. The United States's part in these cases, Justice Jackson said, is concerned largely with identification of the culprits and their release to those who are in control.

3. The "Quislings, Lavals and 'Lord Haw Haws.'" He said each country "is free to prosecute treason charges in its own tribunals and under its own laws against its own traitorous nationals."

Such classification of these groups, he said, will permit their prosecution without delay while preparations for the trial of major criminals are completed. He said the British are taking steps parallel with American procedure "to effect a complete interchange of evidence and a coordination of planning and preparation," and that minor differences between the Governments have "adjusted easily."

"The Provisional Government of the French Republic," he added, "has advised that it accepts in principle the American proposals for trails (of major criminals) before an international military tribunal. It is expected to designate its representatives shortly."

While Soviet Russia is not yet committed, he went on, it has been kept informed of all steps, "and there is no reason to doubt that it will unite in the prosecution."

As to when the trials of major criminals can start, he said it would be "foolhardy" to name dates which depend upon other Governments and many agencies.

Justice Jackson reiterated that this Government will accuse "a large number of individuals and officials who are in authority in the Government, in the military establishments, including the general staff, and in the financial, industrial, and economic life of Germany who by all civilized standards are provable to be common criminals."

"We also propose to establish the criminal character of several voluntary organizations which have played a cruel and controlling part in subjugating the German people and then their neighbors," such as the Gestapo and the SS, whose recruits were taken from volunteers because of "aptitude for the fanatical devotion to their violent purposes."

The case against the major defendants, he emphasized, is "concerned with the Nazi master plan" and not with individual barbarities and perversions.

He said the prosecutors face the task of establishing "incredible events by credible evidence." The test of a crime, he said, should be whether it "fundamentally outraged the conscience of the American people and brought them finally to the conviction that their own liberty and civilization could not persist in the same world with the Nazi power."

Such acts, he argued, were criminal by standards generally accepted in all civilized countries and should establish that "retribution by laws awaits those who in the future similarly attack civilization."

"We propose to punish acts which have been regarded as criminal since the time of Cain and have been so written in every civilized code," he declared.

He said legal charges against top Nazi leaders and organizations such as the SS and Gestapo include (A) atrocities against persons or property, (B) offenses, including persecutions on racial or religious grounds committed since 1933 and (C) "invasions of other countries and initiations of wars of aggressions in violation of international laws or treaties."

The legal position of the United States is that "it is high time that we act on the juridical principle that aggressive war-making is illegal and criminal."

Rosenman to Remain As Truman Aide

President Truman announced at his press conference on June 1 that he was very happy to have been able to persuade former Judge Samuel I. Rosenman of New York to remain in the White House for another year as the President's special counsel, the Associated Press reported that day from Washington, and continued:

Correspondence made public disclosed that Rosenman submitted his resignation on April 14 "to take effect at your pleasure." The President declined to accept it, saying he wanted the former New York judge to stay at his post "until V-J day in order that I may have your continued assistance."

Replying to the President's declination, Rosenman said: "When the commander-in-chief asks, there can be only one answer—'Aye, aye, sir.'"

The State of Trade

The news this week on the food situation appears very encouraging, viewed from the report on Monday, last, of the Department of Agriculture on the prospective yields this year of our wheat, corn and other crops. The domestic and foreign demands upon the American bread basket is at present tremendous and will continue so for some time in the future. Should present indicated yields be realized, they will contribute to a greater sufficiency at home and at the same time allay in some measure the dire suffering and want of the peoples of Europe, occasioned by the devastation of a total war.

In commenting upon crop conditions, the Department forecasts the largest United States wheat crop ever produced, approximately 1,085,000,000 bushels for 1945 based on its June 1, reports. Notwithstanding the fact that May of this year was one of the coldest on record, present indications place the total volume of all crops for the year "well above average."

Crop prospects were hampered in a degree by a long spell of rain covering a substantial area of the country, while in the Southwest, local drought conditions developed and threatened to spread. In the extreme South persistent dry weather proved a factor to be reckoned with.

As disclosed in the Department's report, the indicated winter wheat crop of 797,255,000 bushels, the second largest on record, coupled with an indicated spring wheat crop of 287,397,000, would bring total wheat production to 1,084,652,000 bushels, the largest crop ever produced. Should this indicated production become a reality, it would exceed last year's record by a slight margin and be the third crop of more than 1,000,000,000 bushels in the United States' wheat production history, the first having been in 1915.

Insofar as oats and hay are concerned, they promise above average production. The forecast for rye production, however, is down somewhat compared with last month's prospects, but the outlook is still good. The report also notes that a record crop of early Irish potatoes is expected and the tonnage of crops for market appears to be as large as the record volume produced in 1944.

Total fruit production appears destined to closely approximate last year's record output, despite damage to some fruits by frost, especially the apple crop, which may establish a record low mark.

As for the corn crop, planting has been pushed to the limit consistent with the weather, and was almost three-fourths finished for the country as a whole. The report points out that the probability is that, even though late plantings will continue, the acreage of corn will be slightly less than was intended.

The Department made it clear that it was too early to make specific predictions on many of the crops, but a number of favorable factors obtained, such as the fact that most of the intended acreages of crops will be planted and early season gains have not been entirely offset by recent bad weather.

Steel Industry—"Until those in charge of the big push against Japan have all their plans 'ready to go,' the current confusion over cutbacks and cancellations as it affects steel mill output will continue," states "The Iron Age" in its current summary of the steel trade. Cancellations of steel orders have failed to keep abreast of war contract cutbacks and as a result they have not opened up any appreciable space on mill order books, notwithstanding the fact that they are at their wartime peak.

Many steel orders now on the books will probably never be shipped because of subsequent cancellations; however, the delay in removing such business from steel mill schedules has tied up space which could definitely be utilized for essential output. This condition is preventing an orderly estimate of available civilian steel and within a few months the steel industry may probably receive such an avalanche of cancellations that it will require all the ingenuity it has to cope with the task of an orderly changeover to civilian output.

Theoretically the steel industry is permitted to fill certain steel orders for civilian uses after July 1, but from a practical standpoint, the magazine observes, firm delivery schedules cannot be set up or even vague promises given as long as mill schedules are unable to accommodate unrated business.

One reason for the delay in cancellations reaching steel mills is the recent WPB approval given manufacturers of certain class A products to retain and use ratings previously granted on an order which has been canceled. Contact with the WPB is necessary, however, by such manufacturers before such ratings are used for civilian output. The time lost in such a procedure, this trade authority points out, will further tend to prevent rapid cancellation at the steel mill level of a great number of orders.

Net orders this past week were again the lightest so far this year, the volume in some instances being as much as 65% below peaks established earlier this year. Cancellations and adjustments approximated one-half of the gross incoming order volume in some instances.

Shell steel cancellations, "The Iron Age" reports, are reaching the mill level and June schedules at some mills call for a production drop of about 50%. Producers are carefully scrutinizing increased demand for high strength steel currently running at a volume about 50% higher than in 1944. About one-half of this amount is going direct to war production.

Grain shipments may again interfere with tinplate distribution in the Midwest by the lack of railroad cars. Production, too, may be adversely affected, producers state, by WPB Order M 43 limiting the use of tin in coating steel products to 100% of the amount used in the corresponding calendar quarter of 1944. Tinplate deliveries currently are quoted for January, 1946.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 90% of capacity for the week beginning June 11, compared with 91.1% one week ago. This week's operating rate represents a decrease of 1.1% from last week's rate and is equivalent to 1,648,500 net tons of steel ingots and castings, compared to 1,668,600 net tons last week and 1,739,300 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended June 2, 1945, totaled 837,520 cars, the Association of American Railroads announced. This was a decrease of 44,917 cars, or 5.1% below the preceding week this year and 26,822 cars, or 3.3% above the corresponding week of 1944. Compared with a similar period of 1943, an increase of 169,911 cars, or 25.5%, is shown.

Railroad Income in April—Class I railroads of the United States in April, 1945, had an estimated net income, after interest and rentals of $54,300,000, compared with $48,033,277 in April, 1944, the Association of American Railroads announced on June 4, last.

In the first four months of

(Continued on page 2646)

U. S. Army to Use 600,000 German Prisoners As Laborers; 200,000 Assigned to France

The plan of the United States to retain 600,000 prisoners of war as laborers was disclosed on June 9 by the United States Army; at the same time, it was made known in Associated Press accounts from Paris that in addition to the 600,000 to be used by the American Army arrangements have been completed for transferring 200,000 to 225,000 American-held prisoners to France for labor, Col. Robert J. Gill of the United States Provost Marshal's office indicated at Supreme Headquarters. It was added that these prisoners, who will come under complete charge of the French just as if the French had captured them, are now held in seven inclosures in France.

A more detailed account from Paris to the New York "Times" states that according to Col. Gill the United States now has 2,100,000 German prisoners of war in confinement in Europe, but within six months all will be released or turned over to the British or the French with the exception of 600,000 who will be kept as laborers for the United States Army in Europe. It was further stated that the 350,000 German prisoners in the United States also will eventually be released through the same medium.

The "Times" advices further said.

"The handling of prisoners since V-E Day has been somewhat uncertain because the Geneva Convention governing the treatment of prisoners of war actually did not envisage an "unconditional surrender." The convention says that the disposition of prisoners shall be arranged in the armistice terms, but inasmuch as at the time of surrender we were not doing any bargaining with the Germans, the matter did not come up.

"Since the convention is an agreement among Governments, and no German Government any longer exists, there are grounds for abrogating the convention. However, Army lawyers interpret the convention not only as an agreement between the American and German Governments but also as an agreement between the American Government and the German soldiers, whose rights under it can be waived only by both the Government and the individual soldier, Col. Gill, a peacetime Baltimore lawyer, explained.

"Hence it is considered that the convention continues in force for the treatment of German soldiers.

"Germans taken into custody in connection with the surrender do not have the same status. They are "disarmed enemy forces" and do not come under the protection of the Geneva Convention as regards, for instance, the provision of shelter, food and clothing.

"Several million of these are being held under their own guard, providing their own supplies pending disbandment, and they probably will get home before the regular prisoners. At the time of the German surrender the United States Army had 2,852,000 German prisoners, excluding the Mediterranean theatre. We had facilities for only about 1,000,000 prisoners, and the rest had to be put in transient camps along the German border.

"The prisoners have been working loading Army supplies and salvaging Army equipment. Two hundred thousand in camps in Brittany will be turned over to the French for labor, a matter not specifically sanctioned by the Geneva Convention, but not forbidden. One hundred and sixty thousand in three camps around Cologne will be turned over to the British who are moving into that area for occupation.

"Fifty thousand Russians taken prisoner as members of the Wehrmacht have been turned over to the Russians, and an undetermined number remain to be repatriated. Although many of these were impressed into fighting for the Germans they are under somewhat of a pall back in Russia, and many are scared to go home. The policy established at Yalta is to return to Russia "all those who claim Soviet citizenship." Those who do not are to be kept as prisoners, and their ultimate disposition is uncertain.

"All non-German prisoners, except Russians, have been turned over to their respective armies.

The order of priority for the release of prisoners is first, women, then miners, farmers, transport workers, persons over 50 and persons completely physically disabled. The others then follow. These special categories cover about 18% of the total of German prisoners."

Manpower Controls in New York to Continue

Attention to the fact that manpower controls over jobs in the New York metropolitan area will continue after July 1 was drawn on June 9 by Joseph B. O'Connor, Acting Regional War Manpower Commissioner, who noted that the present policy will prevail here even though a relaxation of controls in some other sections of the country are scheduled July 1. In making the announcement, said the New York "Herald Tribune" of June 10, Mr. O'Connor stated that many persons, having mistakenly interpreted a Washington announcement of May 11, have been leaving war jobs in anticipation of being free to take whatever job they wish without statements of availability or United States Employment Service referral cards after July 1. The same paper said:

The original announcement on May 11 by Paul V. McNutt, War Manpower Commissioner, stated that as of July 1 WMC job controls would be lifted in areas throughout the nation where WMC directors recommended such relaxations. At that time Mr. O'Connor warned New Yorkers that the job controls might not be lifted here.

This announcement yesterday was based on recommendations of the WMC New York area labor-management committee. The committee, after three weeks of study, found that despite layoffs and a slow drop in the labor demand here labor requirements of essential industry have not yet been met.

Although Mr. O'Connor said he had not yet received reports from area directors in Buffalo, Rochester, Syracuse, Albany and other cities in New York State, indications were that existing controls will continue there also, since these have been listed as critical labor shortage areas, while New York City has had an abundant labor supply by comparison.

The following is from the New York "Journal of Commerce" of June 11:

"Mr. O'Connor pointed out that in the New York area there were 51,000 essential industry job openings toward the end of last month, while only 31,686 applicants for jobs appeared at USES offices about the same time.

"He said that the continuing shortage of manpower seems to be a result of widespread reduction of the work week from 48 to 40 hours as a spread-the-work measure to retain present employees."

British Treasury to Pay More for Gold

Announcement was made by the British Treasury on June 9 that it would pay four shillings and three pence more per fine ounce for gold in the sterling area, explaining that shipping risks had been "substantially reduced." The Associated Press accounts from London, reporting this, stated:

The official announcement said that the readjustment of the price from 168 shillings per fine ounce to 172 shillings three pence had "no bearing on any questions of exchange policy or exchange rates"

The shilling conversion is normally 20 cents and the pence two cents, which would make the new rate the equivalent of $34.46. The United States Treasury buying price is $35.

The Bank of England said the price alteration was made merely in line with changing war conditions and must not be regarded as a gold point nor as made in anticipation of Bretton Woods.

A Bank of England spokesman said at a press conference: "There is no question at the moment of restoring a free market for gold. Exchange controls will be maintained." The Government, he said, still keeps checks to prevent speculation in gold by any commercial banks or brokers.

Throughout the war the Treasury has taken risks of shipping from South Africa and other countries where gold could be bought. This practice will be maintained.

The New York "Sun" of June 9, incident to the action of the British Treasury, commented as follows as to the gold exodus from England in 1940:

Britain moved virtually her entire gold supply from this island in the greatest gamble in financial history when a German invasion threatened, a Bank of England spokesman said today.

Every type of ship, from tramps to luxury liners, some running through U-boat infested waters unescorted, carried the gold to secret hiding places in the far parts of the earth.

Movements during the entire war from England and South Africa amounted roughly to $4,000,000,000 worth of gold, with losses totaling hardly more than $20,000,000.

Some of the lost gold was later recovered after treasure-laden ships sank. One case which the spokesman called "perhaps the most remarkable salvage job in history" saw Australian divers scrape up from the ocean bed 423 feet down $325,000 worth of a gold cargo valued at $8,000,000 that the ship Niagara was carrying when she went down in the Pacific.

Stores of gold were concentrated in naval bases and other strategic spots throughout the world.

Huge funds were moved to two North American centers, New York and Ottawa, as Britain needed all the gold she could "get her hands on" to obtain supplies before the lend-lease program was inaugurated, the spokesman said. Big vessels were used mostly on the fast North Atlantic run from Britain to New York or Halifax.

Envoy to Tangier Named

Paul H. Alling has been nominated by President Truman as diplomatic agent of the United States in Tangier, Morocco, formerly an international zone now under Spanish control, a report from Washington to the New York "Times" stated on June 4, adding that the United States is said still to consider the city to have an international status.

Tax Relief Among Recommendations of Federal Advisory Group in Behalf of Small Business

The Small Business Advisory Committee of the Department of Commerce has submitted proposals which are the result of its survey of the problems of small business, which Commerce Secretary Henry A. Wallace has termed a "magna carta for the small business man," the Associated Press reported from Washington, May 27. The Secretary continued by describing the report as "an action program which the Department of Commerce will put into effect to the utmost extent that our finances permit."

The tax recommendations in the report, according to the Associated Press, follow closely the program suggested two weeks ago by a joint Senate and House committee and concurred in by Secretary of the Treasury Morgenthau. They propose, among other changes, increase of excess profits exemption from $10,000 to $25,000 effective next Jan. 1, and repeal of the excess profits tax in the year following the end of the war with Japan.

"Considering the problem faced by small business," said the report, "it is believed that business taxes rest with disproportionate weight in this segment of the business population, and it is urged that steps be taken to effect a reduction."

Small Business Study Urged

The report urged that studies be made of various small businesses throughout the country, and that booklets be prepared to advise the potential operators of new small business of the pitfalls of their particular fields. The booklets would advise on basic factors, such as the selection of the site, judgment of existing trade in various areas, amount of competition, and amount of investment which would be needed.

"There is need for guidance in timing the establishment of a new business," the report said.

"It is well known that capable men have failed in business because they started at the wrong time."

Long-term Loans

Government guarantee of long-term loans to finance small business enterprises was recommended by the report, which asserted that "equity finance often is excessively costly and hard to get."

It was suggested that commercial banks and other local financing agencies which would originate the long-term loans should be required to participate to the extent of at least 10%.

Committee members who participate in the report were Chairman Ivan Allen, of Atlanta; Vice-Chairman Walter Ringer, of Minneapolis; Vincent L. Browner, of Des Moines; Ernest G. Draper, of Washington; W. E. Harber, of Shawnee, Okla.; Lou E. Holland, of Kansas City; E. H. Lane, of Altavista, Va.; Stacy May, of New York, and John R. Pinkett, of Washington.

Recommendations Made

To accomplish a continuing program to insure small business a "proper position in the economy," the committee recommended:

1. A planning staff in the Commerce Department at the policy level to receive and consider the basic problems of small business from time to time—their ability to compete with large business and their position in the economy.

2. An active program of study and the production of educational booklets, guides and manuals. This educational activity should be followed through by an adequate application program by means of personal contact and publicity through the various field offices of the department.

The committee expressed belief that the Commerce Department "is the proper agency to interpret the small business problem to the Government, to recommend a course of action and to execute the program," but it doubted that the department's facilities "are adequate to cover the many phases of a desirable program."

"It is difficult for us to believe," the committee said, "that the Department of Commerce can adequately service over 2,000,000 small business proprietors from 26 offices with a field staff of 85 people."

The committee concluded that the present corporate tax structure imposes burdens which "restrict expansion of production and employment, discourage the opening and development of new and small businesses," and "affect adversely the competitive position of small as compared to large business."

"Unless modified," the report said, "it will impose serious burdens on all business. . . . In addition to some relief from heavy taxes, steps should be taken to make immediately available certain funds which under the current tax provisions eventually will be turned over to business concerns."

On the management side, the Associated Press reports, the committee recommended preparation of a large number of specialized studies and reports "of direct and immediate aid to small business." Larger organizations have the facilities for investigating, studying and solving their own management problems, the report said, but "smaller operators must look elsewhere for aid."

The committee suggested that the reports "should be short, easy to read, filed with illustrations and marginal cartoons; that color should be used and that the entire story should be tied up in an attractive package, which will encourage busy men to open it and read."

In the finance and credit field, the committee suggested that a new type of Government-guaranteed loan should be developed for the long-term financing of small business, with flexibility in amortization a necessary provision.

"The interest rate charged should be as low as is consistent with economic operations," the report said. "Loans for at least 10 or 15 years should be contemplated."

"Collateral for the proposed term loans should be such as to leave receivables, inventories and other current assets unencumbered, so that a basis is left for obtaining seasonal short-term credit."

China Ups Gold Price

The Chinese Government's Ministry of Finance increased the official price of gold from 35,000 to 40,000 Chinese dollars per ounce of June 9, it is learned from Associated Press advices from Chungking, June 9, which also had the following to say:

"This is the second increase within 10 weeks. The first was on March 28, when the price was raised from $20,000 to $35,000 per ounce.

"The latest hike had an immediate effect in the black market value of American currency. After rising to $1,200 (Chinese) to $1 (United States) recently the rate sagged to less than 1,000 to one, and then shot up again today to about 1,150 to one.

Russian-Rumanian Pact

Russia and Rumania are reported to have signed at Moscow an economic agreement, according to the Associated Press from London, June 2, calling for the delivery of Russian raw materials, textiles and timber to Rumanian factories.

The Financial Situation

(Continued from first page)

aspects of the subject. Officially inspired and often officially conducted propaganda campaigns have so successfully obscured certain facts about Russia that it is not easy for the rank and file to adjust themselves to the truth, but the adjustment is necessary nonetheless.

First of all, war "pep-talks," not infrequently indulged in by Russia herself, have obscured the fact that the ideas and the ideals of Russian Communism are about as alien to American political, social and economic thought as was Fascism. It has not for a number of years been regarded as particularly patriotic to take public cognizance of this fact, and doubtless many have either very conveniently forgotten what went on prior to 1941, or have too easily assumed that something "rich and strange" has produced a "sea change" within Russian boundaries. We have been so often told that this was an "ideological" war, that it has been commonly assumed that we had aligned ourselves against "ideologies" which we could not tolerate and along side of others which were at the least more in keeping with our own philosophies of life. It must be a shock to many, therefore, now to find that we differ on many things with our friends almost as much as with our enemies.

Need Not Cause Difficulty

Of course, this difference in social, political, and economic philosophies need not of itself cause any particular difficulty — provided that both Russia and the United States accept the tenet in fact as well as in vague profession that such "ideologies" developed and applied within one country are no concern of the peoples in other countries. There never has been a time in our history when "situations" drastically at variance with our ideas and our practices—and, yes, and our consciences — did not exist in other countries with whom we had perfectly friendly dealings.

But unless both countries are willing to come to some such understanding in good faith, we shall find ourselves, theoretically at least, in about the same situation vis-a-vis Russia as we were supposed to be vis-a-vis Hitler and the Fascists. One of the aspects of the existing situation which is giving many people the most concern these days is the apparently increasing evidence that the Russian communists are in fact concerning themselves again actively as in the past with political, social and economic affairs in other countries—notably at the moment with those in the United States. Many of us see, or think we see, political and economic fifth columnists preparing for action in this country under guidance, support and control from Moscow. Such a situation may actually exist. Indeed it is not altogether easy to doubt that it does—and it is, if actually here, most unfortunate for all concerned.

Not a New Situation

Let us not suppose, however, that this situation is something new under the sun. Something of the sort was, of course, commonplace prior to our entry into this war, and, stop to think of it, we have never had too much reason to suppose that it would not be resumed when the war ended. Whether it has ever assumed the importance attached to it in the past or whether now it is likely to make great headway in this country is another matter. The fact remains that it is a source of irritation and a handicap to smooth and profitable relations with Soviet Russia.

But let us not forget that while, so far as known, neither this country nor any of its citizens have made any effort to disturb the Russian communist regime since it was firmly established in that country, we have never let the Russians forget that we do not like statism, that we want to see it superseded in all the countries neighboring Russia by "democracy," which, of course, is as distasteful to the Russian Communists as it was to Hitler—and as Fascism was to us. If we in fact were somewhat more willing to act as if we really believed that the form of Government and the way of life existing in other countries were the affairs of the peoples of those countries some of the strain of "ideological" differences between the two countries would be relieved. At any rate these differences exist, and will remain. We shall have to find some way of keeping them from getting in the way of amicable relations with Russia—which, of course, they should not do.

Another self-imposed illusion among the American people is the notion that Soviet Russia was not and is not interested in what is known as "world politics," imperialism, and what the Germans used to call Realpolitik. The truth of the matter is that the Stalin regime seems to have about the same ideas about Russia's geographical future as had the Tsars. It has been evident for years past, and we shall have to reckon with it precisely as we have to reckon with the ambitions of other countries. Whether we like it or not, it is now a rather palpable fact that few if any of the countries of the world share our brand of international idealism, and we shall have to make the most of it. It is unfortunate if we have failed to realize all this from the first.

Federal Bar Ass'n Symposium on OPA Export-Import Control

The fourth of the series of forums on OPA problems being conducted under the auspices of the OPA committee of the Federal Bar Association of New York, New Jersey and Connecticut, of which A. Philip Woolfson, formerly with the OPA in Washington, D. C., is Chairman, will take place on June 26 at 8 o'clock at the United States Court House, Foley Square, New York City. The speakers will be Milton M. Thompson, Division Counsel of the Services and Foreign Trade Price Division of the Washington office, and Frederick E. Busse, Chief Counsel of the Services Price Legal Section, also of the Washington office. Mr. Thompson will discuss the legal basis and economic objectives of export-import price control, the techniques employed by the two regulations and the most important problems which have arisen in their administration.

Mr. Busse will speak on "Services under Price Control," with particular emphasis on problems which have arisen in the administration of MPR 165. At the conclusion of the lectures there will be an opportunity for questions.

The committee is arranging a further series of three forums on OPA enforcement problems at which representatives of the operating staff of the New York OPA office will participate. These meetings will be held in July, August and September. The exact dates and the names of the speakers will be announced later.

Tickets of admission for which there will be no charge may be obtained by sending a self-addressed stamped envelope to Mr. Woolfson, 67 Wall Street, New York City.

Auto Tax Stamps To Go On Sale June 9

Joseph D. Nunan, Jr., Commissioner of Internal Revenue, announced today that the new $5 Automobile Use Tax Stamps will be placed on sale in all post offices and offices of collectors of internal revenue on Saturday, June 9, 1945. The law requires the owner of every motor vehicle which is used upon the highways to buy this stamp and to display it on the vehicle beginning July 1, 1945.

The law provides both cash and jail penalties for failure to pay the tax. To protect themselves against unnecessary penalties, Commissioner Nunan advised owners of motor vehicles not to be mislead by false rumors alleging that this tax has been repealed.

The stamps will be sold over the counter at all post offices and offices of internal revenue collectors. In addition, collectors of internal revenue will fill mail orders when accompanied by cash, money orders or certified checks. Personal checks cannot be accepted for the purchase of revenue stamps.

The law requires that the stamp be prominently displayed on the motor vehicle on and after July 1, 1945. Where possible the stamp should be placed on the windshield as recommended by the proper officials of each state.

German Army Refused Hitler's Order for Execution of U. S. and British Prisoners Says R C

In reporting that more than 99% of American prisoners of war in Germany had survived and were on their way home the American Red Cross on May 30 credited this high percentage of survival "in great part to the correct observance by the American Army of the Geneva Convention." Advices to this effect from the Washington bureau of the New York "Herald Tribune," published in that paper of May 31 added that it was said that the Germans had been fully aware that Britain and the United States faithfully discharged their obligations to German prisoners under the Geneva treaty rulings. Continuing, the account in the paper indicated said:

"The Red Cross quoted from a could now corroborate reports that Hitler ordered the execution last March of imprisoned American and British flyers as a reprisal for air attacks, but that German Army commanders refused to carry out the order. A vital factor behind this refusal, it was said, was the German military's knowledge that Anglo-American treatment of German prisoners had been according to the Geneva Convention.

"The Red Cross quoted from a letter accompanying the June issue of the Red Cross prisoners-of-war bulletin, a publication which has been issued for the last two years to families of men held by the Germans and Japanese. The letter said in part:

" 'According to a recent statement made by Carl J. Burckhardt, President of the International Committee of the Red Cross, in Geneva, Switzerland, Adolf Hitler late in March, 1945, gave orders to execute all American and British airmen held captive in Germany.

" 'This statement has been substantiated by American prisoners of war, recently liberated and returned by air from Germany, who were in a position to know the facts. Hitler's order was in revenge for the bombing of German cities, particularly Dresden. One important reason why the order was not carried out by German Army commanders was because they knew that the American and British governments had faithfully endeavored to carry out their obligations under the Geneva Convention toward enemy prisoners of war.

" 'Much anxiety appears to have been caused in the United States by the lack of understanding of the difference between concentration camps and prisoners-of-war camps. The latter, so far as American and other Allied prisoners of war (except Soviet Russian) were concerned, enjoyed the protection of the Geneva Convention.

" 'In spite of all their efforts, Swiss delegates of the International Red Cross were not permitted to visit the concentration camps for German and other European political prisoners and slave laborers. But they regularly visited prisoner-of-war camps.' "

Auto Output of 200,000 Has WPB Approval

If they can locate needed materials without aid from Washington, automobile manufacturers have permission of the War Production Board of produce 200,000 civilian passenger cars between now and the end of the year, under an amendment to the limitation order controlling auto production which permits the industry to place immediate orders for steel, tin, lead, etc., required to get the assembly lines rolling, a special report to the New York "Times" from Washington stated on May 24.

J. A. Krug, chairman of the WPB, announced that this action was in approval of a program suggested by the automotive industry whose representatives had stated that, based on present material estimates, manufacturers believed they would be released from war work sufficiently to make 200,000 cars by the end of 1945 and another 400,000 in the first three months of 1946.

Mr. Krug cautioned, however, that the general public will see few if any of this year's output of civilian autos. He said the initial 200,000, and possibly more, will be tightly rationed to assure that the "desperately needed" demands of essential transport are met.

Another 400,000 cars in the first three months of 1946 and 600,000 in the next three, making a total of 1,000,000 new passenger cars by the middle of next year, is in the realm of possibility, Mr. Krug said, the New York "Times" continued. He added that authorized production by the end of the first year of civilian operation may be at the rate of 2,000,000 cars a year. That is the figure long considered the minimum on which the automobile industry could get into production within the year after the start of reconversion.

The WPB will assign a quota to each manufacturer. Most producers will be assigned a quota on the basis of their 1941 output in relation to total automobile production, Mr. Krug said. Adjustments will be made for small firms, he added.

"I am not absolutely certain there will be enough material, but with the industry's ingenuity it stands a pretty good chance of making 200,000 cars."

The industry, which had outlined the "200,000-cars-in-1945" program, meanwhile appeared today to be less hopeful than the Government. The Automotive Council for War Production, trade group for the industry, listed ten potential "bottlenecks" in manpower and material controls which it believes could hamper civilian production.

The council said that the various Government agencies "which should coordinate their changes in regulations" or take other actions to prepare for reconversion, "have not yet acted."

It recommended nine steps to speed the process:

"Elimination of all controls by the War Manpower Commission over labor.

"Revocation of an order holding producers to 1944 levels unless specifically authorized to exceed them by the WMC.

"Designation of Detroit as a free-labor area.

"Elimination of the '1%' limitation on the use of technical personnel.

"Recognition by Selective Service of the 'importance' of preconversion and reconversion work.

"Ending by appropriate Government action of the CIO-AFL jurisdictional disputes among auto workers.

"Clarification and speedy announcement of procedures govern surplus property disposal.

"Elimination of regulations prohibiting the release of "frozen" company-owned equipment.

"Dissemination of information to all contractors, subcontractors, steel mills and other suppliers of forthcoming cutbacks and contract cancellations."

House Group Hearings on Proposed Compulsory Military Training Measure

Hearings before the House Post-War Military Committee on the proposal of requiring a year of military training for American youths gave evidence of the general controversy existing over the subject and indicated that a stiff fight lay ahead before any settlement can be reached.

Acting Secretary of State Joseph C. Grew was the committee's first witness. Mr. Grew expressed the State Department's views when he said that he came "as an advocate of military training for the young men of America," and believed "profoundly that our young men should have this training," according to Associated Press reports from Washington, June 4. Mr. Grew, who was formerly Ambassador to Japan, said he believed that "military preparedness counts in the thinking of potential enemies."

"I believe a year's military training is necessary because of our obligations under the world security organization," he said, "because, in the world of things as they are our international policy, to be effective, must have strength behind it; and because my experience has taught me that aggressors are not deterred by latent superior strength, but shrewdly try to obtain their ends by attacking when they consider their potential opponents unprepared, and, therefore, at a disadvantage."

Mr. Grew said he believed that universal military training "would be the greatest possible stimulus to our young men to go into educational life," and "would be in the best interests of our educational institutions throughout the country." He was not questioned by members of the committee.

On June 5 Omar K. Ketchum, representing the Veterans of Foreign Wars, presented to the committee a substitute for the American Legion-backed proposal for one year of continuous training at the age of 18. The V. F. W. program calls for training in the National Guard or Naval and Marine Reserve units, for a three-year period, the Associated Press reported from Washington. Mr. Ketchum told the House committee that under the V. F. W. proposal compulsory military training would be given in a boy's own community without disturbing his home life or his education.

The trainee automatically would become a member of the National Guard or of a Naval Reserve or Marine Reserve unit at a predetermined age, would participate in weekly drills and training periods at his local armory, and would take two weeks of training every summer at a reserve camp.

John Thomas Taylor, head of the American Legion legislative committee, had previously asserted to the House committee that "there is nothing in the proposal of universal military training that can or will breed wars or foster militarism in America," and added that "there can be no stronger influence for lasting peace, no greater safeguard against lawless international aggression."

Mr. Taylor declared that the Legion-backed proposal, which would require most able-bodied youths to take a year of military training when they reach 18, or soon thereafter, "cannot be likened in any respect to the European systems of compulsory military service and immense standing armies." It is not proposed, he went on, that the trainee be liable for military service during his year of training.

No longer, Mr. Taylor declared, can America "expect to prepare for war while heroic Allies keep the enemy at bay. If any other war breaks, America will not be given the chance to become again the arsenal of democracy.

To again permit our country to become unprepared; to allow our Army to be reduced to a mere police force; to be lulled into a false security by wishful thinking will mean the death of our sons and grandsons."

Opposition to the proposed legislation was just as emphatic as approval. A. J. Brumbaugh, Vice-President of the American Council on Education, asserted that regimentation of the mind would result from a peace-time draft law, the Associated Press reported from Washington, June 6.

For Congress to act now on a peace-time draft program, Mr. Brumbaugh said, is to declare "in advance that we have no faith in collective security and international action" and to assert "that we believe that World War III is inevitable and that it will come soon."

Before taking such action, he suggested, "we must first make an earnest and sincere effort to establish an international structure which will maintain the peace."

Mr. Brumbaugh said: "The summary of the considered judgment of approximately 1,100 college and university presidents indicates that they believe that it is now unwise to enact legislation requiring universal military service."

Four out of five educators, he added, believe a national commission should be appointed to study the whole problem of national defense.

Norman Thomas, head of the Socialist party, another witness before the House Committee on Post-War Military Policy, asserted that "if military conscription is the secret of defense, Russia will win," the Associated Press reported, June 8.

Mr. Thomas, speaking for the Post-War World Council, of which he is President, said Russia "will have the greater population, the strategic position in which mass armies are most useful, and the kind of totalitarian government to which peace-time conscription is far more appropriate and effective than to our democracy."

"The best key to any sound policy of security and peace would be an agreement with the Soviet Union on disarmament," Mr. Thomas told the committee.

The Catholic Hierarchy in the United States voiced the opinion that action on the matter should be postponed "until the end of the war, when it can be known what the international situation will be," in a letter to the committee Chairman from Monsignor Howard J. Carroll, General Secretary of the National Catholic Welfare Conference, according to the Associated Press from Washington, on June 7, which reported further:

The National Congress of Parents and Teachers also opposed peace-time draft legislation at this time.

Mrs. William A. Hastings of Madison, Wis., President of the organization, which claims a membership of 3,500,000, told the committee that its stand was determined after full discussion with the members.

She said: "We know that the country must keep itself prepared to meet any emergency. But," she insisted, "national preparedness is composed of many elements, including education, skills and physical fitness that cannot be acquired in a short time.

"The responsibility for this training, throughout the period in which our boys and girls are growing up, rests with our schools, our recreational centers and other community groups," she asserted.

Speaking for the Federal Council of Churches of Christ in America, Dr. Herbert J. Burgathaler, President of Ohio Wesleyan University, Delaware, Ohio, declared:

"The people for whom I speak and the churches with which they are identified hold to the view that our nation should not at this time take any action which would reverse our historic policy with respect to compulsory military training."

Other educators expressed themselves in favor of action now on a compulsory post-war military training program. Dr. Karl T. Compton, President of Massachusetts Institute of Technology, told the committee, according to the Associated Press, on June 8: "Right now we would be well advised to establish our reasonable military program, and to let the world know that we mean business when we talk of preserving peace, and that we are ready to adopt strong measures to insure our safety against attack.

"Many of us believe that the sad luck of military preparedness and the very strong sentiment against any move even to prepare for war were simply invitations and incitements to Hitler, Mussolini, Hirohito and their followers, to let loose their mad avalanches of armed aggression for conquest."

Dr. Compton said that he believed a year of military training under good officers and with a sound program "could have a very wholesome influence on the succeeding generations of our young men."

Edward C. Elliott, President of Purdue University, proposed a compulsory peace-time draft program for a trial period of five years, according to the Associated Press, on June 9.

"While we have the task of dreaming and doing for peace, at the same time," he cautioned, "we have the solemn and continuing obligation of being fully prepared to protect all that which is ours to protect. The experiences of the past four years have taught us how dependent we are upon our youth to provide this protection."

At the end of three to five years, he declared, "we shall know things we cannot now know, and then we shall have learned the invaluable lessons learned only by experience."

Mr. Elliott said that he was not convinced that other advantages than military preparedness would accrue from a compulsory draft program, such as education in personal hygiene, neatness and promptness, respect for authority and property.

He suggested that consideration be given to retention of the reserve officers training corps and to a provision permitting youths with specialized and scientific talents to qualify as members of a scientific reserve and be relieved of refresher training courses called for in pending legislation.

Opposition to a peace-time draft was expressed on June 11 by Josephus Daniels, former Secretary of the Navy, who directed the Navy during the last war. Before the House committee, on June 11, Mr. Daniels, who is editor of the Raleigh (N. C.) "News and Observer," offered the committee this formula as the best protection against the possibility of future attack: "I would place the main emphasis on a Navy that flies, with adequate military strength on land and sea; I would take leave to be strong in the air; if our country dominate the sky, no enemy can land on any part of our terrain." We quote from Associated Press advices from Washington, June 11, which also indicated Mr. Daniels as saying that "the imperative preparedness of tomorrow is that which will give conquest of the skies." The same advices further reported his views as follows:

"We will never dominate in war by dependence upon the draft," Mr. Daniels asserted. "All we need to do is to provide the craft and the accessories and young Americans will hasten to enlist, and the number of voluntary aviators will exceed the ability to furnish them wings."

Since there has been no suggestion of the need of a draft to provide personnel to man a large post-war Navy, Mr. Daniels said, "the only argument left for the proposal is the need for inductions to make up the land forces."

"At the most, there will be need only for a small, compact land force," he contended. "Every man that can be wisely placed can be obtained by volunteer enlistment if there is adequate pay, with certain advancement from the ranks to those who show ability in actual service."

Provision for proper pay, education and advancement, and "the utter exclusion of that snobbery which sometimes creates a chasm between officers and enlisted men," he said, will provide so many volunteers "that no branch of military service will need to conscript men."

"No man believes more in having a gun well primed than I do," Mr. Daniels asserted, "but I put emphasis on the sort of preparedness this war has taught will win victories, and not on the discredited broken stick of universal compulsory conscription When the time comes to prepare for preparedness, the first step will be to unlearn the methods of the past and discard the archaic drilling, put all cavalry horses to plowing, shut down munitions plants making out-of-date weapons, discard the ancient tactics and strategy long taught in military schools, and look mainly toward the perfection of weapons of the skies. The nation which commands the air is the nation that can rule the world."

The propaganda for compulsory military service for American youth is based upon three false premises," said Mr. Daniels, according to special Washington advices to the New York "Times" on June 11, viz.:

"1. Fear, and I hold with Franklin Roosevelt that 'fear is the only thing to fear.' As I read or listen to the pleas to Hitlerize America, and see how the advocates of compulsion tremble.

"2. Cynicism. The disbelief in the belief of our civilization to rise out of savagery and so order the affairs of a civilized age as to make war an anachronism. This unbelief is based on the silly credo: 'There have always been wars and there always will be wars.'

"3. Imperialism. The desire that Uncle Sam shall abandon democracy, the right of all men to govern themselves, and follow the example of the Israelites of old, who, tired of God's guidance, wished a king so they would be like neighbor nations that lived by the sword.

"It was this jealousy of John Bull's exploitation of weak peoples that caused us to go into the colonial business when we obtained rule of the Philippines by conquest and purchase, and held on to them under the pious profession of 'benevolent assimilation.' Happily, we have come to ourselves and have given the solemn pledge to return sovereignty to the Filipinos as soon as this war is ended."

He argued that Germany's victories in this war were made possible "more by early supremacy in the air, and the utilization of mechanized implements of war than by compulsory goose-stepping."

Truman Declines to Relax Wage Controls

The turning down by President Truman of a request by labor leaders for immediate relaxation of wage controls was reported in press advices from Washington on June 7, which stated that the President told his news conference that the Little Steel wage formula would stand, at least pending a thorough study, to be undertaken later of present wage and commodity price schedules.

The further Associated Press accounts said:

Only a short time before, AFL President William Green and CIO President Philip Murray had called at the White House to press for quick revision of the Little Steel formula, by which basic pay raises have been limited to 15% above January, 1941, levels.

They expressed fear of a downward spiral in war-time earnings and employment even before Japan is defeated.

While these appeals were being made at the White House the WLB was considering the over-all wage policy question.

WLB Chairman George W. Taylor disclosed that the Board will made an announcement on its reconversion policy within 30 days. He so advised a group of Presidents of CIO-United Auto Workers locals at Chrysler Corp. Detroit plants

Messrs. Murray and Green both urged Mr. Truman to grant a 20% increase in basic wages to absorb the loss in "take home pay" when war plants shift from the 48 to 40-hour work week.

The Chrysler workers told Mr. Taylor that cutbacks already are disturbing Detroit's economy and that Chrysler plants there will be idling or converting to automobile manufacture by the end of September. This will mean unemployment to 75,000 to 100,000 workers, they said.

While the shorter work week is advocated all around in order to share employment, the union leaders express fear that unless the hourly rates are increased reduced earnings will be disastrous. Food and other living costs remain swollen, said Frank Danowski of the Chrysler Plymouth local, speaking for the Detroit group.

Construction Contracts Awarded In May

F. W. Dodge Corporation reported on June 8 that construction activity in the thirty-seven states east of the Rocky Mountains showed sharp gains in Many. Contracts awarded last month called for an outlay of $242,523,000, which was 68% more than in May of last year. Total contracts for the first five months of this year amounted to $1,255,101,000, a gain of 57% over the corresponding period of last year. The report continued as follows:

Non-residential building in May was up 62% over last year, residential construction gained 36%, and heavy engineering construction, comprising public works and utilities, was up 93%. The most significant gain in May was in residential construction, which trailed last year's volume in each of the preceding four months of the year.

Publicly-owned construction contracts in May amounted to $147,626,000, a gain of 51% above the total for May of last year. Privately-owned construction contracts in May totaled $94,897,000, a gain of 105% over the corresponding month of the previous year.

During the first five months of the year, publicly-owned construction contracts accounted for 66% of the total of all contracts awarded, compared with 75% in the first five months of last year.

Wallace for U. S.-Soviet Friendship

Speaking at the annual dinner of the Churchman Associates on June 4, Secretary of Commerce Henry A. Wallace declared that those who deliberately attempt to create animosity between the United States and Soviet Rusia are the real enemies of peace and progress in the world.

The former Vice-President was presented with the annual "Churchman" award for the promotion of "better understanding among all peoples." Mr. Wallace told the 2,500 persons gathered in the grand ballroom of the Waldorf-Astoria Hotel, New York, that the way to offset the "poison" spread by these "enemies of peace" was "by following the policies of Roosevelt in cultivating the friendship of Russia in peace as well as in war"; and added, "I know this is the policy of President Truman. I am also satisfied that it is the policy of the bulk of the American people."

Mr. Wallace at the same time, stated the New York "Times" on June 5, sounded a warning to the San Francisco Conference on International Organization against the use of Pan-Americanism as a regional instrument of power politics. Paying tribute to President Roosevelt, who received the award in 1942 for cementing friendly relations with Latin America, Mr. Wallace said it was not the late President's intention that Pan-Americanism be used as a threat against other nations.

Although Pan-Americanism was the cornerstone of President Roosevelt's foreign policy, Mr. Wallace observed it was not the whole building. The late President, he said, felt rather that Pan-Americanism was the prelude to world democracy.

"More than any other man," Mr. Wallace declared, "he knew that those who write the peace must think of the whole world or else condemn their children to nationalism, regionalism, imperialism, confusion, and finally to World War III."

The late President, Mr. Wallace said, was a defender of freedom for small nations, but in the firm belief that interdependence was as essential as independence, he was "willing to give up a little sovereignty for a lot of peace."

The award of the plaque was made by Senator Claude Pepper, Democrat, of Florida, who, according to the "Times," termed Mr. Wallace the "greatest living spokesman of Rooseveltism." He hailed Mr. Wallace as "one of the really great men of our time," and said that Mr. Wallace had been "hated" because of his advocacy of a fuller life for the average man.

"The people of America today have to make the choice as to whether they want the kind of democracy Franklin D. Roosevelt fought for and which Henry Wallace is fighting for, or whether they don't and are willing to face the consequences," Mr. Pepper said.

Declaring that for the first time in human history peace and plenty are within the reach of the people of the United States and many other lands, the Senator said that Secretary Wallace's program of full employment and productivity represented a realization of "the age-old dream of the good life for nearly everybody."

"The voice of Henry Wallace," he said, "is not a voice crying in the wilderness. It is the call to the faithful for the pilgrimage. Behind such men has the race always moved forward. Behind such men shall we move on yet further and higher."

Mr. Wallace was the seventh recipient of the "Churchman" annual award. Previous winners were Mrs. Franklin D. Roosevelt, William Allen White, President Roosevelt, Wendell L. Willkie, Mme. Chiang Kai-shek and Bernard M. Baruch. The Churchman Associates were sponsors of the annual dinner.

Savings for Banks in Lower Ins. Premiums Equal in Dollar Volume Amount Advocated

In addition to the reductions aggregating $1,500,000 in premiums on bankers blanket bonds which became effective on May 1, the surety companies have granted banks a further savings estimated at $1,600,000 annually on bonds where premiums are paid three years in advance, the American Bankers' Association announced on June 6.

This three-year payment plan reduces insurance costs to banks by 16⅔% and besides blanket bonds it applies to all fidelity and forgery bonds issued to financial institutions, according to the ABA "Protective Bulletin," published by the Association's Insurance and Protective Department for the benefit of member banks. An article captioned "Prepayment payment Dividends on Bonds" in the June issue of the Bulletin says that these latest concessions in premiums, combined with the reductions effective May 1 and announced May 9, equal in aggregate amount the reductions proposed by the A.B.A. Insurance and Protective Committee last March.

Discussing the three-year premium announced by the Towner Rating Bureau on May 19, the Bulletin said in part:

"For many years casualty, fire and other insurance contracts have been written for a three-year term and some non-conference companies, also London Lloyd's, have issued blanket bonds on a similar discount basis. In previous discussions of this subject, the Association's Insurance and Protective Committee did not favor three-year premiums for blanket bonds without an appropriate provision to compensate insured banks for future reductions in rates which were then anticipated, the latest of which materialized on May 1.

"The new three-year premium plan of the Towner Rating Bureau is not limited to blanket bonds. It also applies to all fidelity and forgery bonds issued to financial institutions. In putting this plan into operation, the Towner Rating Bureau has ruled that any decrease in basic rates within the three-year premium period will become effective on the date announced by the Bureau and application of the lower rates to banks will not be deferred until the beginning of the next three-year period. Refunds resulting from any decreases in basic rates are to be made at each ensuing anniversary date within the three-year premium period. On the other hand, any increase in basic rates will not affect banks until the beginning of the next three-year premium period.

To Redeem 3% Farm Loan Banks

It was announced on June 7 by W. E. Rhea, Land Bank Commissioner, that the 12 Federal Land Banks are completing arrangements for the redemption as of July 1, 1945 of all outstanding Consolidated Federal Farm Loan 3% Bonds of July 1, 1945-55. Mr. Rhea stated that funds for the purpose are to be obtained chiefly from short-term borrowings and that a large part of such borrowings would be repaid from the proceeds of a public offering of Consolidated Federal Farm Loan Bonds at a later date.

Drop Expected in War Manpower Needs

J. A. Krug, chairman of the War Production Board, has expressed anticipation of a sharp drop in manpower requirements for war and war production in the next half-year, according to Associated Press advices from Washington, May 29. Predicting that reconversion unemployment would reach its peak during the next three months, Krug presented the following picture of the situation:

War production will require 2,900,000 fewer workers during June, July and August. Some 1,100,000 of these persons will not find employment, increasing the nation's jobless total to around 1,900,000 persons.

Of the remaining 1,800,000 workers, about 700,000 will continue working in the same plants where they now work or will find employments in other plants shifting to civilian goods production. The others will be absorbed in other civilian manufacturing, construction trades and services and other civilian occupations.

Although the number of persons no longer needed by the armed services and for war production will increase to 4,800,000 by the end of November, unemployment will decrease.

"Six months from now," Mr. Krug said in his monthly report on munitions production, "the picture will have changed more sharply. The number of persons no longer required for war activities will have increased to 4,800,000. This will include 1,000,000 dismissed from the armed forces. The persons absorbed by the expanding civilian economy and the armed forces will amount to 4,100,000. At the same time, the withdrawals from the labor force are expected to exceed entrants by 200,000, leaving 1,300,000 persons unemployed, or 600,000 less than at the end of the first three months."

As of May 12, Mr. Krug reported, the 1945 munitions program had been slashed by $7,000,000,000, leaving it at $55,000,000,000.

"This is a substantial drop," Mr. Krug commented, "but it still does not bring programs down to a true one-front war basis.

Since Mr. Krug's report went only as far as May 12, it did not include the latest Army Air Forces cutback, figured at about $3,500,000,000 on an annual basis.

Government Blamed for Sugar Shortage

The prediction that the American people in the last half of this year will receive less than 50% of the sugar they would have normally consumed in the period because of the Government's failure to encourage sufficient sugar production, was made on June 8 by Roland Tognazzini, President of the Union Sugar Co, who thus advised the stockholders at their annual meeting on June 8 at San Francisco. Special advices from that city to the New York "Herald Tribune," reporting this, also quoted Mr. Tagnazzini as saying:

"I predict that if the present bureaucratic mismanagement of food is permitted to continue during the next 12 months there will be the most dire food dislocation in the history of this country.

"The absence of a realistic program can extend rationing for a long period of time. The method recommended to produce more sugar is the further subsidizidation of Cuban, Puerto Rican, Hawaiian and continental cane and beet crops. This method is but another drain on the taxpayer's pocket."

The Bases for World Trade

(Continued from first page)

ture, in the extension of the most-favored-nation clause, and in the reestablishment of commercial treaties.[1]

Greater progress might have been made towards reducing trade barriers had the United States furnished enlightened leadership. However, instead of throwing its influence in the direction of lower trade barriers, it raised tariff rates in 1921, 1922 and again in 1930. These enactments were at complete variance with the international economic position which had resulted from the war. As a creditor nation, the United States should have effected a reduction in tariff rates, but it was not generally understood then that foreign loans represent deferred imports, and that creditor nations must reduce trade barriers if foreign loans are to be repaid.

During the great depression one nation after another resorted to competitive trade restrictions in the self-defeating effort to insulate themselves against world economic forces. The trade practices resorted to involved such measures as increased tariff rates, import quotas, regional preferences, bilateral barter agreements, linked utilization arrangements, export subsidies, arbitrary customs procedures, currency depreciation and foreign exchange controls. All of these practices throttled international trade and intensified economic and political nationalism.

In 1934 the United States reversed its earlier policy and made a belated effort to stem the tide of economic nationalism and self-sufficiency with the passage of the Reciprocal Trade Agreements Act. This enactment gave definite recognition to the fact that exports must be paid for in imports, and that trade policy should be directed towards national interest and not towards the protection of special groups.

In accordance with the terms of the Act, trade agreements have been negotiataed with 28 countries, accounting for about 65% of the foreign trade of the United States.

About 1,000 tariff rates have been reduced. Important concessions obtained from foreign nations in return for the lowering of these duties have included the removal of many discriminations not only in connection with the tariff but also with respect to quotas, foreign exchange controls and customs regulations.

The great advantage of the Trade Agreements Act is its flexibility. Tariff rates can be adjusted quickly on individual commodities. It gives the United States bargaining facilities analogous to those of other nations. Moreover, the bargaining power has not been used to promote purely bilateral trade, for concessions granted have been extended to all nations by adherence to the unconditional most-favored-nation clause.

The present Act expires on the 12th of June of this year. As you know, a bill has passed the House of Representatives and is now pending in the Senate to extend the Act for an additional three-year period and to permit the President to reduce or increase tariff rates by as much as 50% of those prevailing on Jan. 1, 1945. Under the present Act the changes permitted in tariff rates are based upon the duties prevailing in 1934. Inasmuch as this power has been largely utilized, the new basis was proposed to make further rate reductions possible, and thus to increase the bargaining power of our negotiators. I trust that the pending bill will be enacted, not only because of the results already achieved under the Act, but also because its renewal will demonstrate to the world that the United States is ready to assume the responsibilities of a creditor nation and to exert its influence in the direction of freer international trade.

In addition to the reciprocal trade agreements program, an immediate frontal and all-inclusive attack is needed on the whole question of trade barriers.

The suggestion has come from various quarters that a world trade conference be convened to study and make recommendations on such problems as import and export duties, unfair methods of competition, export subsidies, customs formalities, cartelization, foreign exchange controls and restrictions, and the various types of trade preferences and discriminations.[2]

No time should be lost in calling such a conference. Never in our generation will the world have a better opportunity to rid itself of trade barriers than in the period which we are now entering of reconversion from war to peace. The markets of the world will be short of goods, cost-price relationships will be in a state of flux, and the adjustments caused by problems of reconversion will be far more comprehensive than those induced by a reduction of trade barriers.

The United States should take the initiative in calling a world trade conference in order to implement Article IV of the Atlantic Charter and Article VII of the Master Lend-Lease Agreement which are designed to bring about a reduction in trade barriers. The success of the proposed conference will depend largely upon the type of leadership exerted by the United States. It must be prepared to reduce tariff rates not only by the 50% provided for in the pending bill extending the Reciprocal Trade Agreements Act, but by whatever additional amount is required to achieve the desired goal. It must be prepared to make substantial concessions in order to elicit similar concessions from other nations. Mutual concessions on the part of all nations are needed to reestablish multilateral trade which alone can make most effective use of the resources of the world.

Such mutual concessions involve not only a substantial reduction in tariff rates by the United States, but also the elimination of colonial and empire preference. If, at this conference, the trade barriers of the world can be substantially reduced, the basis will be laid for an expanding world trade and genuine currency stabilization, and the forces favoring the private enterprise system and political democracy will be strengthened.

A recent report on post-war economic policy and planning by a bipartisan committee of the House of Representatives recommends "that an international conference be called as soon as practicable to consider reduction or elimination of trade restrictions. The conference should consider," the committee goes on to state, "not only reduction of tariffs, but also such trade controls as import quotas, export subsidies, exchange controls and other forms of State interference with the movement of goods between countries."[3]

The advantages of such a conference are not only the speed with which results could be achieved, but also the opportunity afforded of evolving an international economic charter linked to the Social and Economic Council of the World Security Organization. That business opinion would be favorably disposed towards such a charter is indicated by the fact that delegates from 52 nations at the Rye conference approved recommendations for a Multilateral Trade Convention, an International Economic Charter, and an International Economic Organization.

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[1] Bidwell, Percy W. **A Commercial Policy for the United Nations.** Published by the Committee on International Economic Policy, Feb. 7, 1945.

[2] For a discussion of these suggestions, see Bidwell, op. cit., pp. 27-33.

[3] **Sixth Report of the House Special Committee on Postwar Economic Policy and Planning.** Pursuant to H. Res. 60, 79th Congress, 1st Session. House Report No. 541. Washington: Government Printing Office, 1945, pp. 37-38.

The proposed convention suggested at Rye would commit the contracting parties to a progressive lowering of tariff barriers, the elimination of quotas and import embargoes, the adoption in letter and spirit of the most-favored-nation clause, the abolition of discriminatory trade practices, and the abandonment of national sales and production monopolies. It was emphasized that governments should seize the opportunities presented by the conclusion of hostilities to lay the foundations of a broad and expanding world trade.[4]

Tariffs and other trade barriers have been called "negative railroads," raising the cost of goods to consumers instead of making them cheaper and more easily available. Proctected enterprise is subsidized enterprise. Subsidized enterprise leads to regimented agriculture.[5] Both are incompatible with free enterprise. Both would disappear if barriers to international trade were removed.

Cartels and Commodity Agreements

Still another prerequisite for an expanding world trade is the elimination of international cartels and of international commodity agreements. Both international cartels and commodity agreements are incompatible with private capitalism and the free enterprise system. In their economic effects both are similar to trade barriers in that they either restrict the total volume of foreign trade or divert it from its most economic channels. Both may nullify constructive national trade policies and may prevent the best utilization of the economic resources of the nations of the world.

It is not always easy to differentiate an international cartel from an international commodity agreement. Both are arrangements designed to enable those in the same type of business to avoid or regulate competition. They differ in the degree of government participation. Cartels are sometimes organized under government sponsorship, and as the degree of governmental participation increases the cartel takes on the form of a commodity agreement. Commodity agreements functioning under the aegis of government sponsorship are no more beneficial than private cartels. In fact, they may be far more pernicious in that they may be used as instruments of national policy.

To justify their establishment the proponents of cartels and commodity agreements rely on such euphemisms as the need for the adjustment of supply to demand, for orderly distribution, and for the stabilization of prices. In less auphemistic language these purposes are in reality those of restricting output, allocating markets, and increasing prices.

The cartelization movement received great impetus during the interwar period. It was an outgrowth of the same forces which were responsible for the proliferation of trade barriers and the drive towards economic self-sufficiency and nationalism.

It is not surprising that cartels reached their greatest development in Germany, in view of the close ties between German industry and the German nation and the absence of a tradition of free enterprise and individual action. The absence of a tradition of free enterprise in the economic field was paralleled by the absence of a tradition of democracy in the political field. The same forces that led to a carttelization of German industry resulted in political dictatorship.

In the post-war period strong pressures will exist for the cartelization of industry and for international commodity agreements. Both must be resisted if we are to have an expanding world trade to which all nations will have access on an equal basis. Both interfere with the functioning of the price system. Both introduce rigidities in the economic system which deepen and prolong depressions. Both are apt to retard technological innovations and the industrial development of the so-called colonial regions. Both have dangerous implications in their potential use as instruments of national policy and of economic warfare.

Whether cartels and commodity agreements receive fresh impetus in the post-war period will depend largely upon the policy of the United States. I trust that its policy may be one of opposition. The problems of the post-war period cannot be solved by monopolistic practices or by the restruction of production.

Only by preserving individual enterprise on a freely competitive basis can we avoid the totalitarian control of our economic life.

Constructive Lending Policies

The third prerequisite for an expanding and healthy level of international trade is the development of constructive lending policies on the part of the creditor nations. Sound foreign lending policies will make for sound conditions throughout the world; unsound policies will accentuate economic swings, causing pronounced booms followed by deep depressions.

Although capital exports from creditor nations in the form of loans, portfolio and direct investments can play a role of great importance in post-war reconstruction and development, the amount of such capital exports does not need to a large sum. Two reasons lead to this conclusion. In the first place, many nations will have a sufficient quantity of gold and United States dollar exchange so that they will not have to borrow abroad. According to a recent estimate, the gold and dollar reserves of nations other than the United States amounted to about $17,000,000,000 at the end of September, 1944.[6] About $7,000,000,000 of this sum has been acquired since the entrance of the United States into the war. Although foreign holdings of gold and dollar reserves are not evenly distributed over the world, many nations will be able to draw upon this reservoir of purchasing power to obtain the goods they require. In the second place, it needs to be borne in mind that capital accumulation, like currency stabilization, is mainly a product of domestic policy. Capital is largely produced at home—the result of using local labor and local materials in the building of the means of production and transportation.

The amount of foreign capital which can be productively employed, from the point of view of debtor and creditor, is relatively small.

The development of constructive lending policies requires that the lessons of the inter-war period be kept in mind. Much can be learned from the experience of the United States as well as from that of the League of Nations with foreign loan flotations through the decade of the 'twenties. The experiences of that period seem to point to certain very definite principles—some of a general character, others of a specific character—which can serve as guides to foreign lending, whether on private or government account.

One of the most important of these general principles is that creditor nations should reduce trade barriers. The fact that creditor nations should facilitate the repayment of internaitonal debts by a liberal trade policy was fully realized by the Peel Ministry in England and should now be recognized by the United States, whose current stage of economic development is comparable to that of England a century ago. In pleading for lower trade barriers, I am giving renewed emphasis to the prerequisite which I first discussed for an expanded world trade. It needs to be reiterated for the reason that liberal trade policies are the *sine qua non* of a reconstructed world.

A second general guide to foreign lending is that creditor nations should not make use of foreign loans as a means of forcing increases in export trade and so indirectly of forcing an artificially high level of business activity. Again the experience of the United States in the decade of the 'twenties points to certain definite conclusions. Easy money policies were instituted in 1924 and again in 1927, partly with the object of increasing the volume of foreign loans and of stimulating business activity.

While these policies did have the immediate effect of increasing the volume of foreign loans, they also had the corollary effect of inducing inflation in the stock market and in the real estate markets. In consequence, the policies had in time to be reversed. Low money rates gave way to high money rates. The high money rates retarded the outflow of capital. The United States became an erratic lender on longterm account, lending too much at one time to be followed by a cessation of lending at a later period. Certainly the experience of that period points to the conclusion that foreign loans should not be used as "make-work" projects. To do so would subject the economies of both creditor and debtor nations to wide swings of disastrous economic consequence. If Government expenditures are needed to relieve unemployment, the funds required can be spent on domestic projects.

The specific principle which evolved from the foreign loan experience of the 'twenties is that loans should be extended for definite projects of economic merit, and extended to finance projects of such a character that the export capacity of the borrowing nation will be enhanced, thereby facilitating its ability to repay the funds borrowed. The character of the funds loaned should, of course, be related to the purposes for which the funds are borrowed. Short-term funds should be employed only in financing short-term needs; they should not be used in financing long-term requirements.

Such, then, are a few of the principles which may well serve as guides in the development of constructive foreign lending policies if we are to avoid the mistakes of the 'twenties and to develop policies which will place the foreign trade of the world on a healthy basis.

It should be borne in mind that foreign loans are not a "cure-all" and are no substitute for constructive trade policies. As the League of Nations stated in one of its studies: "To pump capital into stricken areas by the most perfect pumping mechanisms will benefit no one in the long run if the strain imposed by the reserve movement later, when amortization and interest payments exceed new lending, leads to a breakdown similar to that of 1929."[7]

Exchange Stabilization

The final prerequisite for an expanded world trade is the stabilization of the foreign exchanges. To be of economic significance, exchange stabilization must be genuine in character. It must not be based upon the artificial props of exchange controls or upon the continuous receipt of foreign credits.

Genuine exchange stabilization is not easy to achieve. Two of the necessary bases are the reduction of trade barriers and the checking of internal inflation. The reduction of trade barriers is an essential requirement and in its absence exchange stabilization rests upon an ephemeral basis. internal inflation, too, must be checked if external stabilization is to be long-lived. The checking of internal inflation in the post-war period presupposes that government budgets are balanced and that commercial banks are divorced from deficit financing.

Still a third prerequisite for world-wide exchange stabilization is the stabilization of the two key currencies, the United States dollar and the British pound, in terms of one another. A genuine stabilization of the pound in terms of the United States dollar must be preceded by the solution of the financial problems of England arising from her passive balance of payments in the immediate post-war period and from her holdings of blocked sterling.

The solution of these difficult problems requires financial assistance on a large scale from the United States. In a previous address, I discussed this problem and proposed that the United States provide England with a grant-in-aid sufficiently large to establish stability between the dollar and the pound.[8] The sum needed may be large, but in the United States should show courage in meeting this problem. This suggestion rested upon the assumption that trade barriers would be removed and that the United States and the United Kingdom agree to shun totalitarian tactics in international trade. I have been told that this solution is politically impossible, and it is certainly true that the suggestion has never received serious consideration by those in positions of political responsibility on either side of the Atlantic. This fact, however, does not alter the truth of the statement that the stabilization of the dollar-pound rate must precede world-wide exchange stabilization.

It will take time to achieve a genuine stabilization of the currencies. Exchange controls may have to be retained by some nations for a period after the war, but they should not be retained for their own sake or longer than is absolutely essential. The longer they are retained, the greater is the danger that they may become permanent and lead to totalitarian controls over the whole of a nation's economic life. If trade barriers are reduced, internal inflations checked and the United States-British exchange problem solved, exchange controls can quickly be removed and genuine exchange stability achieved through the operation of an international gold standard.

The stabilization of the foreign exchanges cannot be approached from a global point of view. There is no such thing as a general stabilization problem. Monetary, economic and financial conditions differ greatly from nation to nation. The problem of each country must be given separate study and separate treatment.

Nor can currency stabilization be achieved by the mere granting of credits. Unselective credits, automatic credits, and so-called impersonal loans will not cure basic currency difficulties. In testifying a little more than two months ago before the Committee on Banking and Currency of the House of Representatives, Leon Fraser said: "Now, if I have learned anything in my several years at the Bank for International Settlements, where it was my privilege to be Chairman of the Board and President, I learned that the weakest reed to lean on when you had currency difficulty was credit. It did not do the trick."[9]

Unless stabilization credits are granted with care, basic maladjustments will be concealed and the causes of instability aggravated. Experience after the last war demonstrated that there are in reality only two types of stabilization loans—the first is a seasonal loan intended to bridge seasonal gaps in the balance of payments of nations, and the second is a long-term loan intended to provide nations with currency reserves. The second type of loan, the long-term loan, will prove effective in stabilizing the external value of currencies only if internal inflation has been checked. Otherwise such loans will prove but temporary palliatives. Stabilization credits do not need to be large if the prerequisites to stabilization have been attained and only if they have been attained should credits be extended.

Lest I be misunderstood, I want again to emphasize the point that I strongly favor genuine exchange stability and favor the measures necessary for its attainment. It is an essential prerequisite for an expanding world trade. No one with experience in international banking would desire fluctuating exchanges which are harmful both to industry and finance. But the means taken to achieve stability must be such as to give assurance of permanence.

Summary

The bases for world trade, as I envisage the problem, include the reduction of trade barriers, the elimination of international cartels and of international commodity agreements, the development of constructive foreign lending policies and a genuine stabilization of currencies. Each is related to the other, and each is a part of the whole mosaic of world reconstruction.

In the solution of this problem the business men of the world can play an important role. The exchange of ideas at the International Business Conference at Rye was extremely helpful and the recommendations and conclusions advanced were constructive. The success of the conference led to the decision to reactivate the International Chamber of Commerce and, as part of this program, a Council Meeting of the Chamber is planned for London this coming August. Delegates from points as distant as Australia and China have indicated that they will attend. This gathering will again enable business leaders of the world to exchange views, to reach definite conclusions and to influence public policy. The membership of the International Chamber of Commerce, often termed "Merchants of Peace," will face a great challenge and a great opportunity in the gigantic task of world reconstruction.

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[4] See also suggestion for an Economic Code of good neighbour conduct proposed (pp. 22-23) in "World Trade," a Report to the British National Committee of the International Chamber of Commerce, February, 1944.

[5] See discussion in "Postwar Agricultural Policy." Report of the Committee on Postwar Agricultural Policy of the Association of Land-Grant Colleges and Universities, October, 1944.

[6] **Federal Reserve Bulletin,** November, 1944.

[7] **The Transition from War to Peace Economy.** Geneva: League of Nations, 1943, p. 96.

[8] **Some Aspects of American Foreign Economic Policy.** An address before the Executives' Club of Chicago, Sept. 15, 1944. (Appeared in the "Chronicle" of Sept. 21, 1944.—Editor).

[9] March 22, 1945.

Truman Seeks Increased Lend-Lease In Prosecuting Pacific War

President Truman, in his program for pursuing the Pacific war to a decisive and early victory, has asked Congress for an appropriation of $1,975,000,000 in new lend-lease funds, plus $2,400,000,000 in unused balances from the current fiscal year ending June 30, the Associated Press reported from Washington, June 4, and gave the following as the text of the letter which the President addressed to House Speaker Rayburn detailing estimates:

I have the honor to transmit for the consideration of the Congress an estimate of appropriation for defense aid for the fiscal year 1946, exclusive of aid authorized to be transferred by the War and Navy Departments and the Maritime Commission, as follows:

Defense aid, $1,975,000,000.

This recommended appropriation, together with unobligated balances of about $2,400,000,000 from the current year, will provide a total program of $4,375,000,000. Since Germany has been defeated, the proposed new program of defense aid and the appropriation required are less than for the current year. This program, however, reflects our resolution to give fully effective aid in order to shorten the war and thereby reduce the cost in Allied lives and materials.

The war against Japan, like the war against Germany, is a cooperative Allied effort. Through lend-lease and reverse lend-lease we shall continue to pool our resources with those of our Allies so that the crushing weight of our combined might may be thrown against our remaining enemy.

Where lend-lease funds will make the efforts of our Allies more effective we shall use them. Where the redeployment of our troops from Europe or our control over enemy areas require aid from other nations, lend-lease will be available to enable their maximum participation. Similarly, through reverse lend-lease we can expect our Allies to give us all the assistance possible.

In the light of changed war conditions, a preliminary review of lend-lease assistance to individual nations has been made. Further review will be necessary from time to time in the coming year as the war progresses and the needs and the wartime roles of our Allies vary. For this reason any programs proposed must be considered as most tentative.

Our recent lend-lease agreements with France, Belgium and the Netherlands will be carried out by the lend-lease funds to the fullest extent consistent with changed war conditions and the basic wartime purposes of lend-lease aid. Beyond this I propose that these Allies be assisted in financing necessary equipment and supplies by the Export-Import Bank.

Such assistance is consistent with the enlarged role which the bank should be given in providing certain types of industrial equipment and supplies which other nations may wish to obtain from us for reconstruction. Some aspects of reconstruction are of particular interest to this nation and can most appropriately be financed by our own instrumentality.

Accordingly, there will be transmitted to the Congress at an early date a proposal providing for adequate legal authorization and expanded lending capacity for the bank.

The lend-lease and Export-Import Bank programs represent unilateral efforts of this country. They are not intended to duplicate the work of international agencies.

The United Nations Relief and Rehabilitation Administration, for example, has been created to meet the more immediate needs of relief and rehabilitation where nations are unable to meet their needs from their own resources. Legislation is now before the Congress to allow participation by the United States in the International Bank for Reconstruction and Development and the International Monetary Fund. This legislation merits early consideration and approval.

In contrast to these devices, however, lend-lease is a positive weapon of waging war. The appropriation estimate herein submitted provides for its full use to bring the conflict with Japan to a quick and decisive end.

The details of the defense-aid estimate are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose observations and recommendations I concur.

The following is the text, as given by the Associated Press, of the letter which accompanied that of the President from the Director of the Bureau of the Budget, Harold A. Smith:

I have the honor to submit for your consideration an estimate of appropriation for the fiscal year 1946 for defense aid, exclusive of aid authorized to be transferred by the War and Navy Departments and the Maritime Commission, in order further to carry out the provisions of the act entitled, "An act to promote the defense of the United States," approved March 11, 1941, as amended, as follows:

Defense aid, $1,975,000,000.

The requested appropriation is $1,563,869,000 less than that for the current year. The total new program anticipated for the fiscal year 1946 is $4,375,000,000 as compared to estimated obligations of $5,128,000,000 in the current year. It has been possible to reduce the requested appropriation by $2,400,000,000 by the inclusion of a provision authorizing the use in fiscal year 1946 of unobligated balances as of the end of the current fiscal year.

The proposed defense-aid budget for the fiscal year 1946 reflects the following recommendations:

1. Lend-lease should continue to be an indispensable weapon for waging fully effective war against Japan in close collaboration with our Allies. In furtherance of this objective such funds should be of limited but valuable assistance in expediting the maximum redeployment of our armed forces for full use against Japan.

2. Lend-lease funds should be limited to purposes of the war and national defense, and should be reduced as fast as possible consistent with those objectives.

3. Raw materials should be provided under lend-lease arrangements only where they are needed to increase or maintain the industrial contribution of the lend-lease country to the war effort.

4. Petroleum products for United States military use should henceforth be financed from war and navy appropriations.

The appropriation recommended also assumes that Congress will expand the lending authority of the Export-Import Bank and remove the prohibition of lending to Governments which have been in default in the past. Such action will make possible the financing of portions of the lend-lease 3 (c) agreements with the French, Belgium and Netherlands Governments for the delivery of industrial equipment and supplies, provision for which has not been made in the program recommended above because of changed war conditions.

The requirements for the supplies to be furnished under the defense aid program for the fiscal year 1946 were prepared by the Foreign Economic Administration after consultation with representatives of the Governments of the countries eligible for such aid. They were discussed as to feasibility by the FEA with the War Production Board, the Department of Agriculture, the War Shipping Administration, the Treasury Department, the Petroleum Administration for War and other interested departments and agencies.

There are attached the details of the estimate of appropriation with supporting schedules and summary tables showing the defense air requirements for the fiscal year ending June 30, 1946.

I recommend approval of the above estimate of appropriation.

British-U. S. Ships Lent to Russia

In reporting to the House of Commons, Prime Minister Churchill has revealed that in response to Russia's demand that a portion of the Italian fleet be turned over to her, instead eight former American destroyers and other ships were presented to her by Britain, and the United States also turned over some ships, including the cruiser Milwaukee, an Associated Press report from London, June 5, states.

The Russians, Mr. Churchill said, raised the question of the disposition of the Italian Navy immediately after Italy's surrender. They asked for one battleship, one cruiser, eight destroyers, four submarines and 40,000 tons of merchant shipping. The agreement to turn ships over to Russia was reached at Teheran, he said.

Since Italian ships were built mostly for temperate waters of the Mediterranean, Mr. Churchill continued, it was decided that they would continue in service in the Allied cause and an equivalent number of British warships and merchantmen would be delivered to the Red Navy on temporary loan. Mr. Churchill said this was the action taken:

"Half of the merchant ships and all the warships with the exception of the United States cruiser Milwaukee were provided by the British Government.

"The British warships handed over were the battleship Royal Sovereign, eight former American destroyers and four modern submarines.

"Further, a destroyer was made available to provide spare parts." Mr. Churchill said that he assumed full personal responsibility for the transaction. He did not make clear just what the United States contribution was outside of the cruiser Milwaukee, but it was presumed the Americans supplied half of the 40,000 tons of merchant shipping the Russians sought.

The disposition of the Italian fleet will be left to the peace conference, Mr. Churchill said.

Laborite Ivor Thomas suggested that, with the war against Germany over, the time had come for Russia to return the ships so that they could be used in the Pacific.

"These vessels would not be vessels we would use in the war against Japan," Mr. Churchill said. "We send to the other end of the world only our best and newest. The Americans would not thank us if we brought older vessels.

"I could not think of anything so ungracious as to suggest to the Soviet Government that by withdrawing these vessels we had any objection whatever to their having a fleet and traning their men for a powerful fleet and an adequate mercantile marine fleet to travel all the oceans of the world."

London dispatches previously had disclosed that nine of the over-age United States destroyers traded to Britain had gone into Russian service, but it had not been known that they were sent in response to Russian demands for part of the Italian fleet.

Construction Controls Relaxed by WPB

Wartime controls over construction activity are to be relaxed under a War Production Board order which increases approximately five-fold the volume of civilian building which may be undertaken without special WPB permission, the Associated Press reported from Washington on May 28.

The Board has accomplished the volume increase by raising the dollar limitations on annual outlays for construction and alteration of homes, factories and business places.

As a preliminary to greater relaxations, WPB also removed its ban on grading, ditch digging, and similar earth moving operations, to permit a start on such work in preparation for future building of highways, airports, and other projects.

The decision gives no guarantee that building materials will be available. In fact WPB emphasized in a statement that lumber and other supplies probably will remain scarce "for some time."

Sales Not Affected

The WPB amendment does not lift any of the restrictions which now govern the sale of lumber and building materials, but it does permit an owner to undertake five times as much construction, repair or alteration—if he can get the materials from his lumber yard—than was formerly permitted.

A list of the types of buildings and cost limits now authorized follows:

1. One family house or farmhouse (present limit $200), $1,000; two family house, $2,000; three family house, $3,000; four family house, $4,000, and five family house, $5,000. Previously the cost limit for each type was $200.

2. Barns and other farm construction, exclusive of farm houses, $1,000. Formerly the $1,000 limit included farm houses, with a $200 limit.

3. An irrigation or drainage system serving more than one farm, $1,000; this limit previously applied.

4. A hotel apartment building, or other residence, for six or more families, $5,000; the old cost limit was $1,000.

5. A store, restaurant, theatre, bank, office, laundry, garage, warehouse, or other retail or wholesale service establishment, including a frozen food locker plant, $5,000; for most of these the old limit was $200.

6. Church, hospital, school, college, USO club, public playground, a public building, an orphanage or other charitable building, a post exchange, canal storm sewer, dam, levee, jetty, or retaining wall, $10,000. For most of these the old limit was $1,000.

7. A factory, logging or lumber camp, bridge, overpass or underpass, tunnel, dock, pier, commercial airport, bus terminal, truck terminal, railroad or street railway building, research laboratory or pilot plant, $25,000; the old limitations ranged from $200 to $5,000.

8. Any other kind of project, $1,000; this class previously was limited to $200.

The amount of repair and maintenance work which may be done without WPB authorization by hotels, apartment buildings, banks, offices, and stores was set at 20 cents maximum for each square foot of gross floor area.

In addition, the owner may use up all or part of his $5,000 exemption for repairs, but the allowance for new construction would be reduced accordingly.

Purcell Urges Repeal Of Johnson Act

Appearing before the Senate Finance Committee, Ganson Purcell, Chairman of the Securities & Exchange Commission, expressed approval of repeal of the Johnson Act, which prohibits loans to nations in default to the United States on their World War I debts, ascribing failure of American foreign investments which followed World War I to "the haphazard nature with which the lending was done." The SEC chairman predicted that unless the act was repealed "our capital markets would be closed to some of our staunchest allies . . . to some countries who have already indicated an interest in our capital markets, whose credit standing is very high."

In reply to inquiry as to whether, if the Johnson Act were repealed, the American public would be protected under the SEC law, Mr. Purcell asserted that under the disclosure provisions protection was afforded, the theory being that if all the information is set forth, it would be up to the individual rather than the Government to determine whether he should invest. In reporting on Mr. Purcell's testimony, the Journal of Commerce, from Washington, May 24, stated that he told the committee that the SEC has had discussions with the State Department and other agencies on the possibility of expanding the registration requirements.

Mr. Purcell additionally pointed out that, at present, information is filed with the commission only as to transactions, loans or investments which involve a public offering of securities.

"It may well be that a considerable volume of foreign loans and investments will take place that do not involve such public offering. As to these, no information is required."

Thought is being given, he said, to the possibility of providing more adequate data as private capital transactions which need not now be reported.

"By this method there would be made available to the Government more complete data relative to private international financial transactions which might be exceedingly helpful to those officials of the Government who are called upon to make decisions with respect to financial transactions of public agencies such as the Export-Import Bank and the proposed international bank."

Mr. Purcell recommended expansion of registration requirements covering foreign securities and provision for increased data on private foreign loans, according to the "Journal of Commerce."

The committee postponed further consideration of the Johnson Act repeal bill until next Thursday, when Senator Johnson had asked two or three weeks in order to "prepare his case."

U. S. Prague Embassy

The State Department has announced that after arrangements with Soviet military authorities an American diplomatic mission has arrived at Prague to establish an embassy in Czecho-Slovakia, according to the Associated Press from Washington, June 2.

The American mission is headed by Alfred W. Klieforth, who will be counselor of the embassy; John Brewins, secretary; Lieut.-Col. Aage Woldike, military attache, and other secretaries and assistants.

Ambassador Designate Laurence A. Steinhardt, who recently returned after a long period as Ambassador to Turkey, was still in this country at last report. He is expected to leave soon for his new post.

Truman Issues Order for Disposal of German And Japanese Assets in United States

An Executive Order which, according to officials of the Alien Property Custodian, authorizes the disposition by them of approximately $220,000,000 in liquid assets of Germany and Japan and their nationals has been signed by President Truman, it was announced on June 10. The assets were seized in this country at the outbreak of the war, it was noted in Associated Press accounts, which said:

Heretofore such assets as cash, bullion, securities and other instruments of credit have been simply frozen and the Government could not touch them. The Alien Property Custodian has been able only to dispose of business enterprises and other physical effects.

Alien property officials, interpreting the order, emphasized that it applied only to the cash and other liquid assets of enemy aliens outside the United States. It does not affect, they added, the assets of longtime German residents in this country.

The text of the Executive Order, as given in Washington advices to the New York "Times," follows:

"Section 2 (c) of Executive Order No. 9095 of March 11, 1942, as amended by Executive Order No. 9193 of July 6, 1942 (3 C.F.R Cum. Supp.), is amended to read as follows:

"'(c) Any other property or interest within the United States of any nature whatsoever owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, a designated enemy country or national thereof: Provided, however, that with respect to any such country or national other than Germany or Japan or any national thereof, such property or interest shall not include cash, bullion, moneys, currencies, deposits, credits, credit instruments, foreign exchange, and securities except to the extent that the Alien Property Custodian determines that such cash, bullion, moneys, currencies, deposits, credits, credit instruments, foreign exchange, and securities are necessary for the maintenance or safeguarding of other property belonging to the same designated enemy country or the same national thereof and subject to vesting pursuant to Section 2 hereof.'"

Hoover Praises Truman Food Policies

Former President Herbert Hoover gave unstinting praise to the plans of President Truman for clearing up the existing food problem, advices to the New York "Times" from Chicago stated on June 6. Mr. Hoover, who recently conferred with the President at the White House, said that Mr. Truman had taken two very wise steps, according to the "Times" report. "He has appointed a very able man, Clinton P. Anderson, chairman of the House Food Committee, as head of the Department of Agriculture, and he consolidated the War Food Administration under that department."

Mr. Hoover denied any intention of an active role in solving the food problem, asserting that he was too old to be anything more than an adviser.

Pass Allegiance Pledge

The pledge: "I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one nation indivisible, with liberty and justice for all," will become the official pledge of allegiance to the flag of this country if the measure passed by the House, according to the Associated Press from Washington, June 4, is also passed by the Senate.

War Expenditures Are At an All Time High

In discussing the Seventh War Loan, on June 7, Secretary of the Treasury Morgenthau announced that war expenditures during the month of May reached on all-time high of $8,188,000,000, including expenditures of Government corporations for war activities. Moreover, the Secretary said there would be no reduction in the Treasury's cash requirements for the next few months. He stated that even though we have shifted from a two-front war to a one-front war, expenditures during the next four months are estimated to exceed revenue by $17,000,000,000. This, he noted, is about the same amount by which expenditures exceeded revenue in the four months ended May 31, a period when the war in Europe reached its climax. The Secretary said that the Treasury's estimates allow for all cut-backs in the war program which will have any effect on expenditures during the next four months.

Secretary Morgenthau called attention to the fact that the goal of the Seventh War Loan—which is $14,000,000,000—is the minimum which must be raised to meet the Treasury's needs. "The Japanese people," said the Secretary, "are being asked by their leaders to make a desperate effort to avert defeat; we are more fortunate, in that we are being asked for means to achieve victory."

The Secretary said that cutbacks in the war program made possible by the defeat of Germany will eventually result in reduced expenditures, but the full effect will not be reflected in expenditures for several months. He pointed out that substantial payments will be necessary to wind up old contracts. The Secretary also said that unforeseen developments on the war fronts might require emergency shifts in the war program. If these occur, expenditures might be enlarged above present estimates. But he emphasized that the Administration is determined to keep military expenditures as low as possible consistent with achieving victory quickly and with a minimum of human cost.

Burgess Recommends Cutting Trade Quotas

W. Randolph Burgess, Vice-Chairman of National City Bank of New York and President of the American Bankers' Association, in addressing the officers and executive council of the American Institute of Banking at Cleveland, on June 5, stated his belief that an agreement among the nations which will reduce or eliminate quotas and discriminatory trade practices is an essential part of the post-war international program, advices from Cleveland on that date to the New York Herald-Tribune stated.

Mr. Burgess also brought up the matter of additional credits to Russia, France or to China, and through what channels these proposed advances are to be made. He recommended that definite inquiry be made on these points, and recommended further that the capital of the Export-Import Bank be increased.

Stockholder's Right To Challenge SEC

The United States Supreme Court, in an 8-0 opinion delivered by Justice Owen J. Roberts (Justice William O. Douglas not participating), ruled that a minority stockholder has the right to appeal to the Federal courts for a review, as a "person aggrieved", of an order of the Securities and Exchange Commission, the Associated Press reported from Washington, June 4, and went on to say:

The decision was given in a fight by Samuel Okin, New York City investor, against an order by the SEC which he said "unlawfully enjoins the collection and payment of $30,000,000 owed by American & Foreign Power Co., Inc., to Electric Bond & Share Co."

American & Foreign Power is a subsidiary of Electric Bond & Share. Mr. Okin said the debt originated from a cash loan made in 1931. He owns 9,000 shares of the common stock of Bond & Share out of a total of more than 5,000,000.

Mr. Okin asked the 2d United States Circuit Court in New York City to review the order. SEC asked dismissal of his request on the ground he was not a person aggrieved by the order. The court refused to dismiss, however, and SEC appealed to the Supreme Court.

In another case involving stockholder rights, the Supreme Court reversed the action of the 1st Circuit Court of Appeals in dismissing a protest by American Power & Light Co. against an SEC order.

SEC ordered Florida Power & Light Co. to make certain accounting entries which would result in taking out of surplus money which otherwise would be available to pay dividends to American Power & Light. American Power & Light is the sole stockholder of Florida Power & Light.

The Circuit Court held American Power & Light was not a "person or party aggrieved" within the meaning of the public utility holding company act.

Justice Roberts wrote the Supreme Court's 5-3 decision reversing this finding. Justice Frank Murphy wrote a dissent in which Justices Hugo L. Black and Stanley F. Reed concurred. Justice Douglas took no part in the case.

FIC Banks Place Debs.

A successful offering of an issue of debentures for the Federal Intermediate Credit Banks was concluded in May by Charles R. Dunn, New York, fiscal agent for the banks. The financing consisted of $19,180,000 0.85% consolidated debentures dated June 1, 1945, due Dec. 1, 1945. The issue was placed at par. Proceeds, together with $21,605,000 Treasury funds, were used to retire $40,785,000 debentures due June 1, 1945. As of June 1, 1945, the total amount of debentures outstanding was $265,475,000.

D. C. Bankers Elect

At the annual convention of the District of Columbia Bankers Association, held on June 2, Bruce Baird, President of the National Savings & Trust Co., was elected President.

S. Oliver Goodman, writing for the Washington, D. C., "Post," reported:

Other officers chosen were S. William Miller, President of the Union Trust Co., First Vice-President; Richard A. Norris, Executive Vice-President of Lincoln National Bank, Second Vice-President; Albert S. Gatley, Treasurer for his 33rd consecutive term, and Eldridge Kendrick, Secretary.

Easing WPB Restrictions Permits Increasing Loans for Home Improvements

WPB's relaxation of its reins on home modernization, making it possible since May 29 for owners to spend up to $1,000 for home improvements without asking anybody's permission, finds the savings and loan associations and co-operative banks with more money to lend for these purposes than they have ever had before, it is pointed out by the United States Savings and Loan League.

Morton Bodfish, Chicago, Executive Vice-President of the League, stated on June 9 that their net increase of loanable funds during the first quarter of 1945 was 53.3% ahead of that for the same quarter in the highest previous year. These institutions have been making rehabilitation and modernization loans as part of their normal business, giving the home-owner a reasonable length of time to pay off, ever since 1834. In that year the first borrower came back for more money to build a kitchen on the home he had bought in 1831.

Paradoxically, he points out, while the War Production Board has given the home owner a chance to modernize his property and thereby to give increasing employment in the building trades, the Federal Reserve Board has now revised its Regulation W. This revision creates a credit problem for the home owner in this field. Despite the ability and willingness of the local, specialized home financing institutions to make the type of loans with which they have always assisted home modernizers, Regulation W makes the home owner borrowing up to $1,500 for modernization contracts to pay it back in 18 months.

UNRRA Shipments

Herbert H. Lehman, director-general of the United Nations Relief and Rehabilitation Administration, announced that relief supplies, shipped or slated for shipment by the end of June to liberated European nations supplied UNRRA, would total approximately 1,250,000 long tons valued at more than $250,000,000, according to the Journal of Commerce reporting from Washington, May 27.

The report continues by stating that more than half of these supplies—a total of 777,000 long tons—has gone to or is to go to Greece, where's UNRRA's participation in a rounded relief program has been under way longest. Other supply schedules, up to June 30, include 199,000 tons to Yugoslavia, 89,000 to Poland, 76,000 to Czechoslovakia, 78,000 to Italy, and about 2,000 tons of miscellaneous shipments to UNRRA camps in Africa and the Middle East, to western European countries under emergency relief programs, and to China.

Included in the total of 1,250,000 tons of relief supplies are about 550,000 tons obtained from Allied military authorities by UNRRA for Greece and Yugoslavia.

Shipments from the Western Hemisphere alone, excluding supplies procured by the military, will total 593,000 long tons by the end of June, valued at $138,000,000. A breakdown by commodities of cumulative shipments from this hemisphere through April 30, reveals that foodstuffs predominated. Of the 121,721 tons shipped directly by UNRRA (excluding supplies financed by UNRRA but delivered by the United Kingdom-United States military authorities) from the Western Hemisphere through April, 113,340 tons were in foodstuffs, fats and oils, feeds and soap.

Flour and cereals were the major food items. To date UNRRA has found it difficult to obtain from the supplying countries more than relatively small quantities of protein foods — meat, milks, dried eggs and fish, greatly needed in the liberated areas where often large segments of the population are now subsisting chiefly on bread.

The program of shipments in June and subsequent months will emphasize raw cotton and wool and other raw materials from many areas of the world to assist the liberated peoples to produce for themselves textiles and clothing which UNRRA has also found great difficulty in obtaining.

Supplies sent in thus far and scheduled through June will have national origins including: Brazil, Chile, Colombia, Cuba, Canada, Australia, New Zealand, the United States, the United Kingdom.

Among the manufactured end products shipped to the liberated countries were such items as new and used clothing, textiles, footwear, nursing bottles, darning and knitting needles, scissors, pins, plastic buttons, trucks, tool kits for carpenters, masons, electricians, plumbers, blacksmiths, and cobblers, repair and maintenance kits for trucks, safety razors, combs, and tooth brushes.

Shipments of agricultural supplies included not only a wide variety of grain, feed and garden seeds, but plows, harrows, cultivators, binders and other implements to enable the liberated peoples to feed themselves as promptly as possible.

N. Y. Cotton Exchange Seats New Officers

Newly elected officials and members of the Board of Managers of the New York Cotton Exchange were installed on June 7 during the regular monthly meeting of the Board, according to an announcement by Ferd P. Lordan, Assistant to the President of the Exchange. The new officers and members of the Board were elected at the annual balloting on June 4th, and will serve for one year. The new roster is as follows: President, William H. Koar; Vice-President, Frank J. Knell; Treasurer, Benedetto Lopinto. Managers—Eric Alliot, Edward A. Hillmuth, George Nichols*, Charles B. Vose, John C. Botts*, William W. Kirby**, Arthur J. Pertsch, Philip B. Weld*, J. Henry Fellers, Jere M. Locke**, Charles Schudt*, Thomas J. White. Tinney Figgat, Robert Murray, Chas. Slaughter*.

*New members of the Board for 1945-46 term.

**New out-of-town members of Board for 1945-46 term—William W. Kirby, Newnan, Ga., Jere M. Locke, Houston, Texas.

The new President, William H. Koar, succeeds John H. Scatterty, who held office for one year starting June 4, 1944. Mr. Koar is Vice-President of Anderson, Clayton & Co., Houston, Texas, and is managing partner of Anderson, Clayton & Fleming, New York City.

N. Y. Cotton Exchange Elects Three New Members

The New York Cotton Exchange has announced the election of three new members at a special meeting of the Board of Managers held May 31. They are: William Reid, partner in the firm of Bache & Co., N. Y. C.; W. B. Long, partner in the firm of W. B. Long & Co., Greensboro, S. C.; David Ker, former member just returned from military service. Resided in San Antonio, Texas, before coming to New York City recently to resume active business status.

The State of Trade

(Continued from page 2638)

1945, estimated net income, after interest and rentals totaled $195,000,000 compared with $196,254,254 in the corresponding period of 1944.

Net railway operating income in April, 1945, was $91,904,980 compared with $89,673,672 in April of last year.

In the first four months of this year net railway operating income, before interest and rentals, amounted to $339,854,338 as against $353,732,744 in the like period one year ago.

For the 12 months ended April 30, 1945, the rate of return on property investment averaged 3.96% compared with a rate of return of 4.48% for the similar period in 1944.

Operating revenues for April totaled $778,985,436 compared with $759,537,535 in April, 1944, while operating expenses amounted to $531,689,106 compared with $509,004,432 in the same month of 1944.

Total operating revenues in the first four months of 1945 totaled $3,056,456,147 compared with $3,032,540,556 in the same period of 1944, or an increase of 0.8%. Operating expenses in the first four months of 1945, amounted to $2,106,374,746 compared with $2,032,544,063 in the corresponding period of 1944, or an increase of 3.6%.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to approximately 4,203,502,000 kwh. in the week ended June 2, 1945, from 4,329,605,000 kwh. in the preceding week. Output for the week ended June 2, 1945, was 1.4% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 153,600,000 kwh. in the week ended June 6, 1945, comparing with 164,500,000 kwh. for the corresponding week of 1944, or a decrease of 6.7%.

Local distribution of electricity amounted to 153,000,000 kwh., compared with 160,200,000 kwh. for the corresponding week of last year, a decrease of 4.5%.

Decentralization Trend in Auto Plant Distribution—Geographical distribution of automobile manufacturing and assembling facilities indicates the progress of the decentralization trend, which projected post-war expansion will increase, "Business Week" currently reports.

"The locations of the new plants themselves," the publication observes, "contradict any belief that the industry's decentralization is motivated by a desire to get away from Detroit labor problems. Most of the new sites are in areas where unionization is about as commonplace — though perhaps not as eruptive—as in turbulent Michigan.

"Resigned to the likelihood of labor problems wherever they may locate, the auto people look first at other criteria. They demand first an adequate and stable supply of manpower, preferably at least vaguely acquainted with the sort of work they will do. Next, the executives are interested in proximity to markets sufficient to justify the manufacturing and assembly work involved. Those factors are probably the most important in sizing up potential plant cities."

Coal, Coke and Crude Oil Production — For weekly coal and coke production statistics and daily average crude oil production figures for the week ended June 2, 1945, see subsequent pages of this section.

Paper Production—Paper production for the week ended June 2 was 87.9% of capacity, as against 92% of capacity for the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 93% of capacity compared with 97% in the previous week.

Little Change in Business Failures—Commercial and industrial failures remained low in the week ending June 7, reports Dun & Bradstreet, Inc. Concerns failing numbered 12 as compared with 13 in the previous week and 22 in the corresponding week of 1944. For three consecutive weeks the number of concerns failing has not varied by more than one.

All except one of the week's failures involved liabilities of $5,000 or more. These large failures rose from eight last week to 11 in the week just ended. In the same week of 1944, there were 15 failures involving liabilities of $5,000 or more. Small failures fell off sharply so that there was only one failure with liabilities under $5,000 this year for every seven a year ago.

Manufacturing and retailing accounted for three-fourths of the failures occurring this week. But in both these groups, failures fell short of the number in last year's corresponding week.

Canadian failures numbered four as compared with one last week and three in the corresponding week a year ago.

Wholesale Commodity Price Index — The daily price index of wholesale commodities, compiled by Dun & Bradstreet, Inc., reached a new war-time high of 177.36 on June 2, closing at 177.30 on June 5. The rise largely reflected continued strength in agricultural commodities. The latest figure compared with 176.86 a week earlier, and with 172.46 a year ago.

Food Price Index Continues Unchanged — Continuing at the same level as for the three previous weeks, the Dun & Bradstreet's wholesale food price index for June 5 again registered $4.08. This marked a rise of 2.0% over the $4 recorded last year and was 0.7% above the $4.05 for the like date two years ago. Wheat, oats and potatoes advanced during the week, while rye and sheep declined. The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Unfavorable shopping weather in many parts of the country proved no great deterrent to consumer buying and retail volume for the country as a whole last week expanded to a point somewhat above the previous period and also above last year's level. As before, Dun & Bradstreet, Inc., reports, women's summer apparel continued to be the outstanding feature, with summer shoes and accessories also in strong demand. The general preference for higher-priced merchandise continued. Food volume, however, declined somewhat below last year's level.

Cottons were preferred in juniors' blouse and skirt combinations, playsuits, and shorts, with spun rayon and shantung popular in two-piece dresses. Volume in lingerie was ahead of last year in most instances, with heavy consumer demand making deep inroads into stocks. Interest in men's furnishings and sportswear increased as Father's Day promotions began.

Millinery and handbag sales held at a level with the previous week and cosmetics were popular. All varieties of piece goods were reported selling well for the most part.

Sales of housewares, according to Dun & Bradstreet, Inc., were much above those of last year in some areas. The demand increased for outdoor equipment, such as back yard grills, trays, tables, cooking utensils, and pottery, which purchases of available metal, glass, china, and enamel kitchenware continued brisk. Customers seemed to exhibit more caution in the purchase of rugs.

Retail food sales were about even with the preceding week. Canned food items were in steady demand and stock turnover was rapid. Meat and poultry supplies moved rapidly, while demand for fish and eggs increased.

Retail volume for the country was estimated at 3 to 8% above that of a year ago. Regional percentage increases were: New England, 4 to 8; East, 2 to 7; Middle West, 1 to 5; Northwest, 3 to 7; South and Southwest, 5 to 9, and Pacific Coast, 3 to 8.

There was a slight increase in wholesale volume in the week as openings for fall apparel took place. This rise, however, was tempered somewhat by routine trading in house furnishing, textile and metal markets. Turnover in general was high as demand continued rather brisk for all available merchandise. The main problem that confronted jobbers was the usual slowness in deliveries prevalent for some time. Dulness overshadowed the food market the past week.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended June 2, 1945, increased by 4% and compared with a gain of 9% in the preceding week. For the four weeks ended June 2, 1945, sales increased by 3%, and for the year to date by 11%.

Retail trade here in New York the past week reflected much activity with purchases made for Father's Day boosting the volume of business. Opening of fall lines by women's apparel manufacturers under the restrictions of M-388 and MAP ran into the busiest weekly period in their history, insofar as total number of buyers in the wholesale markets of New York were concerned. The orders placed, however, were accepted subject to a strict allotment basis.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to June 2, 1945, increased by 2% above the same period of last year. This compared with a gain of 15% in the preceding week. For the four weeks ended June 2, 1945, sales rose by 4%, and for the year to date by 12%.

War's Cost to World

The American University at Washington has estimated that the world has expended over a trillion dollars in carrying on the present war, according to the Associated Press from there on May 30.

Announcing the result of the school's research today, Paul F. Douglas, president, calculated that the expenditures for war since 1934 amount to more than $500 for every man, woman and child in the world.

Dr. Douglass said the total, more than $1,030,000,000,000, "does not indicate the destruction and damage of public and private property." It likewise does not include Chinese expenditures in the fourteen-year war with Japan, which the university has been unable to determine.

Total Allied expenditures up to the present were estimated at $558,090,000,000. Axis expenditures were calculated at $442,900,000,000. Dr. Douglass said other "floating statistical data" brought the over-all total roughly to the announced figure.

Calif. Bankers Elect

At the annual meeting of the California Bankers Association, R. L. Eberhardt, Executive Vice-President of the Stockton Savings & Loan Bank, Stockton, California, was elected President. He succeeds P. R. Williams of the Bank of America.

WPB's Stand on Reconversion Freedom From Controls Lauded by Dry Goods Ass'n

Expressing gratification over WPB's recent report which reflected the Agency's conviction that industry should be free of restrictive controls in meeting the great tasks of reconversion, the National Retail Dry Goods Association, over the signature of its President, Benjamin H. Namm, telegraphed J. A. Krug, WPB Director, assuring him that his stand is "so eminently sound that we are sure you will have the full support of industry and distribution." The telegram in full follows:

"The National Retail Dry Goods Association desires to express to you its gratification over your recent report in which was expressed your conviction that industry should be free of restrictive Government regulations in meeting the great tasks of reconversion. Your stand is so eminently sound that we are sure you will have the full support of industry and distribution. It is our belief that once the reconversion has been effected there will be no serious problem to interfere with a greatly increased production of civilian goods. The most serious problems then will lie in the field of distribution. If those upon whom rests the obligation to sell can perform their function with speed and efficiency so that goods can go into consumption as fast as they will be produced, it should be possible to find useful and well paid jobs for all who need employment. In normal peace times there can be no better guage of what should be produced in what quantities and at what prices than the consuming public itself as its will is expressed by its demands upon retail stores. It is reassuring to note the celerity with which the War Production Board is relaxing or abandoning controls which have outlived their usefulness. Our trade has always found the War Production Board sympathetic to all business needs where they have not been in conflict with the demands of the war and has felt a special satisfaction in complying with the regulations of your office. This spirit of willingness will be maintained until the big job has been finished."

1944 Strike Record

The Bureau of Labor Statistics, in reporting on strikes during 1944, states that there were 4,956 strikes and lockouts during the year, which involved approximately 2,116,000 workers, and that strike idleness amounted to about 8,721,000 man-days.

"The idleness during all stoppages in 1944 was equivalent in amount to the time that would be lost if all industry shut down for about two and one-quarter hours, or one-fourth of a working day," the report said, according to advices to the New York "Times" from Washington, May 26.

Stating it another way, the Bureau figured that the idleness was equivalent to less than one-tenth of 1% of the available working time.

The report also showed that stoppages were most extensive in the automotive industry, iron and steel, and mining; involved unions affiliated with the Congress of Industrial Organizations oftener than those affiliated with the American Federation of Labor, and resulted from disputes over wages more than any other single cause. Although the number of strikes and lockouts exceeded that recorded for any previous year, lost time was less than in any year for which information is available.

Pennsylvania, with 821 strikes; Michigan, 532; Ohio, 549, and Illinois, 492, accounted for almost half of the strikes and lockouts in 1944, about 60% of the workers involved and more than half of the idleness. More than one-fourth of the workers involved in labor stoppages were in Michigan.

No distinction was made in the statistics between strikes and lockouts. The report said the figures included "all known strikes and lockouts in continental United States which involve as many as six workers and last as long as a full day or shift," and added:

"They include all workers in the plant who were made idle because of a dispute, but do not include workers or idleness in other plants which may have been indirectly affected. This is primarily because it is impossible to obtain consistent and accurate information concerning the indirect and secondary effects of stoppages."

Although the proportion of strikes and lockouts over wage issues was somewhat smaller than in 1943, wage disputes accounted for about half of all work stoppages in 1944. Disputes over intraplant working conditions and policies increased considerably. Recognition and bargaining rights were issues in a substantial number of disputes. The recognition strike of foremen in the automotive industry last May was the biggest stoppage in 1944, involving 54,800 workers.

The automobile industry, largely converted to production of aircraft and other war products, was affected by stoppages to a greater extent than any other industry. More than 50% of its workers were involved, with resulting idleness equivalent to 0.58% of the available working time.

However, there were more stoppages in iron and steel than in any other industry. They involved 20% of the workers in these industries and caused idleness amounting to 0.22% of the available working time.

Labor unions affilated with the AFL were involved in 34% of the strikes and lockouts, including 22% of the total workers and 28% of the idleness. Those affiliated with the CIO were involved in 39% of the stoppages, involving 52% of the workers and 39% of the idleness.

Analyzing the results of strikes and lockouts last year, the Bureau said that of the stoppages ended in 1944 the issues in dispute were definitely settled, or the causes were abandoned or lost by the workers, in 52% of the cases, while in 48% the issues were to be negotiated or processed further according to plans agreed upon.

The disputes in which the issues were settled at the end of the stoppages brought substantial gains to workers involved in 21% of all strikes and lockouts during 1944, compromise settlements in another 10% of the cases and little or no gains in 18%.

In a report today the Bureau of Labor Statistics said preliminary estimates indicated that there were 450 strikes and lockouts in April this year, involving 285,000 workers and 1,330,000 man-days of idleness.

The number of stoppages was lower than the total in April, 1944, when 453 were recorded, but more workers were involved and twice as much lost time resulted from last month's stoppages.

Rules for Deductible Reconversion Costs

In order to assist war contractors, Joseph D. Nunan, Jr., Commissioner of Internal Revenue, on June 6 made public a special memorandum summarizing the applicable rules of law governing the deduction of reconversion costs for purposes of the income tax and excess profits tax.

From Washington Ahead of The News

(Continued from first page)

set up and then State and Congressional organizations were to be formed under them. What seemed to run through his mind was that if any Congressman or any other public official sought Sidney's support, then he would receive the opposition of Mr. Zurcher's organization. He said, very analytically, we thought, that the tendency of candidates for office would be to kowtow to Sidney because he is a pressure group, and so far has not been an ineffective one. Therefore, Mr. Zurcher's organization is intended to make these gentlemen sweat. Support from Hillman would mean opposition from him.

Mr. Zurcher, who was active in the Dewey Presidential campaign, admittedly moved out ahead of his original plans because of the Chamber of Commerce organization. Apparently there are gainful occupations for organizations to fight Hillman, and these organizations, of necessity, give employment, and therefore we are wondering whether Sidney hasn't really made a contribution to the 60 million job program which the late Mr. Roosevelt enunciated. There have got to be organizations of this kind, and plenty of them, if 60 million people in this country are enticed into jobs. It may well be that if many more organizations revolve around Sidney, we shall have to keep on our manpower controls even after the war.

So far as your correspondent is personally concerned, one of his least post-war worries, with the new order that obtains in Washington, is Sidney. Mr. Roosevelt, in our way of thinking, was his man, and now that the latter has passed on as the "Christian Science Monitor" would say, it is difficult for us to appreciate Sidney's strength or menace.

But we asked Mr. Zurcher about this and undoubtedly his answer would go for the Chamber of Commerce's organization. Mr. Zurcher hopes that Sidney is finished and all the monkeyshines that made him possible. Yet, there is this to be remembered: Mr. Truman certainly does not like Sidney personally, Sidney fought his Vice-Presidential nomination at the Democratic National Convention at Chicago. Also Mr. Truman's previous affiliations have been with the Railroad Brotherhoods primarily, and the AFL secondarily.

There is the second thought that he is the darling of the Democratic conservatives in Congress and they certainly have never liked the New Deal. But the question which is being raised by Mr. Zurcher and others is, whether Mr. Truman and the Conservative Democrats will not sooner or later realize that theirs has always been the party of dissentients, malcontents, pinks and what not, and whether they can stay in office without them. And realizing this, whether they won't make new approaches to Sidney and his ilk.

On the other hand, there is this interesting speculation going on in Washington, and it is a commentary on something. It is to the effect that Truman and the Conservative Democrats, being of the nature they are, may not go along catering to the Conservatives, and that the Republicans, especially Mr. Dewey, being so anxious to get in, will pick up, or seek to pick up, the Hillman crowd.

When you consider the New York City Republicans in their antics toward the forthcoming mayoralty campaign, this is not beyond the realm of possibility in the slightest.

Electric Output for Week Ended June 9, 1945 Exceeds That for Same Week Last Year by 1.4%

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 9, 1945, was approximately 4,327,028,000 kwh., which compares with 4,264,600,000 kwh. in the corresponding week a year ago and 4,203,502,000 kwh. in the week ended June 2, 1945. The output of the week ended June 9, 1945, was 1.5% in excess of that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	June 9	June 2	May 26	May 19
New England	0.6	2.2	0.5	3.8
Middle Atlantic	2.6	0.0	*3.2	*1.3
Central Industrial	2.0	2.7	2.2	4.7
West Central	5.2	3.9	2.6	6.8
Southern States	5.8	6.8	6.7	8.2
Rocky Mountain	*3.5	*0.1	0.0	6.1
Pacific Coast	*4.1	*3.3	*0.9	0.3
Total United States	1.5	1.4	0.9	3.1

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
March 3	4,472,110	4,464,686	+ 0.2	3,946,630	1,538,452	1,702,570
March 10	4,446,136	4,425,630	+ 0.5	3,944,679	1,537,747	1,687,229
March 17	4,397,529	4,400,246	— 0.1	3,946,836	1,514,553	1,683,262
March 24	4,401,716	4,409,159	— 0.2	3,928,170	1,480,208	1,679,583
March 31	4,329,478	4,408,703	— 1.8	3,889,858	1,465,076	1,633,291
April 7	4,321,794	4,361,094	— 0.9	3,882,467	1,480,738	1,696.543
April 14	4,332,400	4,307,498	+ 0.6	3,916,794	1,469,810	1,709,331
April 21	4,411,325	4,344,188	+ 1.5	3,925,175	1,454,505	1,699,822
April 28	4,415,889	4,336,247	+ 1.8	3,866,721	1,429,032	1,688,434
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4,327,028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16		4,287,251		4,098,401	1,440,541	1,702,501
June 23		4,325,417		4,120,038	1,456,961	1,723,428
June 30		4,327,359		4,110,793	1,341,730	1,592,075

Steel Production Off 1.2%—Backlogs Still Heavy—Industry Presents Confused Picture

"With steel backlogs still heavy, rated order volume declining, steel ingot output at a reduced level from a few months ago and the failure of cancellations to produce an anticipated opening on steel mill schedules, the steel picture this week presented some apparent contradictions," states "The Iron Age" in its issue of today (June 14), from which further quotations follow:

"Despite trends in order volume as well as in cancellations, there was still this week no definite indication that nonrated steel orders for civilian production would find positions on steel mill schedules to any great extent in the third quarter. Nevertheless the slowness of cancellations in Army programs to be interpreted into tonnage released from steel mill books is giving rise to a strong feeling in the industry that by the fourth quarter of this year the case for the civilian steel user will be greatly enhanced.

"There was some speculation in the trade this week that because of the tightly-packed mill schedules through the third quarter, the Controlled Materials Plan may not give way to a simplified priority system as originally anticipated. Inability of mills to schedule unrated business, except for one or two relatively unimportant items, in the third quarter appears more and more definite. Some sources believe that unless cancellations swell vastly in volume, production of automotive sheet tonnage required to meet manufacturing quotas will be problematical possibly even in the fourth quarter. The present situation, however, is so amenable to change in market conditions that many problems now seemingly difficult may be ironed out.

"The drop in the volume of rated steel orders this past week is in no small part due to WPB's reluctance to authorize advance allotments for the fourth quarter of this year and early 1946, the earliest for which deliveries are available for most products. This situation may be classed as hopeful for nonrated business. On the other hand if many of the present contract schedules are continued, it would mean a dammed-up demand for these advance periods which would be afforded some sort of a priority protection even if CMP is set aside.

"Fresh net rated steel order volume last week dropped with some exceptions, to about 20% of the peak levels prevailing earlier this year. With the exception of one or two isolated periods the volume was one of the lightest of the war and in at least one case June business thus far is a negative figure with cancellations exceeding entries.

"With most shell steel, alloy, structural and armor plate cancellations noted on the books and landing mat cutbacks underway, some sales officials see the end of the heavy period of cancellations in sight. Only about 25% of the cancellations to date have affected May and June schedules, the balance affecting scheduled shipments throughout the rest of the year."

The American Iron & Steel Institute on June 11 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 90.0% of capacity for the week beginning June 11, compared with 91.1% one week ago, 95.3% one month ago and 97.1% one year ago. The operating rate for the week beginning June 11 is equivalent to 1,648,500 tons of steel ingots and castings, compared to 1,668,600 tons one week ago, 1,745,500 tons one month ago, and 1,739,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on June 11 stated in part as follows:

"Steelmakers in general are optimistic as to production outlook and the opinion prevails that ingot production is not likely to drop below 85% of capacity before the end of the Pacific war, with the principal decline likely to come this summer.

"The industry has not yet felt the full force of military cutbacks made since the fall of Germany and developments cannot be gaged accurately what may develop soon with respect to further curtailments in the war program. The opinion that there will be no drastic curtailment is based on the known heavy volume of civilian work available to fill the gaps in most lines as rapidly as conditions permit. These conditions are becoming more favorable with relaxation of government restrictions. Less essential unrated tonnage is expected to cushion the decline in plates over third quarter, with shapes and possibly alloy steel production also benefiting from unrated work.

"Much speculation exists as to where sheets will come from for even the moderate number of 200,000 automobiles scheduled to be built before the end of the year. Estimates place sheet requirements for these cars at 100,000 to 150,000 tons, with somewhat more rot-rolled than cold-rolled. Most producers of hot-rolled pickled sheets and cold-rolled sheets are booked solidly into December and early next year on rated tonnage.

"War production Board is concerned over failure of contractors in many cases to cancel steel contracts when government work for which it was ordered has been cut back. It is estimated mills books now contain hundreds of thousands of tons of steel for third quarter delivery on which products for which it was bought have been canceled. To ferret out this steel and urge cancellation of such tonnages, to make steel available for civilian use by reconverted plants WPB is working through its field offices to urge contractors to cancel such tonnage. The Army is also acting through its procurement division to the same end.

"War production Board has authorized construction of 407 passenger cars ordered some time ago and later held up. Railroad car buying is increasing, for both domestic and export purposes. Bids on cars for France and India, to be taken by the War Department, have been postponed to June 22. These orders aggregate 42,750 cars.

"Movement of Lake Superior iron ore in May totaled 11,121,203 gross tons, which was 996,008 tons below May shipments last year. However, with April shipments much heavier than in the corresponding month last year total tonnage shipped in the two months was 1,000,987 tons greater than a year ago.

"Scrap continues well balanced with needs and prices are well maintained except for borings and turnings. For most part melters are in good position but yard stocks are not large and collections are light. Labor still is a factor in preparing material for shipment and dealers avoid accumulating inventory in view of uncertainties of the situation. Cast scrap is still in short supply and foundries use more pig iron than normally."

Warns of Increased Traveling Restrictions

Space In Sleepers May Be Cut 50%

That traveling restrictions as applied to the public "will not only be retained, but undoubtedly increased," was the warning given by President Truman on June 7, in calling attention at a news conference in Washington to the transportation difficulties, which he said "all too few realize," that are now developing and which will continue well into 1946. The President declared that "the plan of battle now requires that our armies be transferred to the far Pacific in the very short time of ten months" as a result of which "the facilities for civilian passenger transportation will be greatly reduced." At the same time the President indicated that "it will probably be necessary to reduce the capacity of sleeping-car equipment on regular trains by 50%." The President's statement follows:

"All too few realize the transportation difficulties which are now developing and which will continue well into 1946. It is important that the public understand the situation and at once lend full cooperation in order that the burden may be minimized.

"The transportation performance in mobilizing our victorious armies in Europe over a period of four long, difficult years required the utmost effort. The plan of battle now requires that our armies be transferred to the far Pacific in the very short time of ten months. We must now complete in ten months a task that is only one-third less than the previous job which required nearly forty-eight months. The transportation job in the first phase of the war has often been called a 'miracle.' The job ahead of us is even bigger.

"The facilities for civilian passenger transportation will be greatly reduced. In order to obtain passenger equipment for troop movements, it will probably be necessary to reduce the capacity of sleeping car equipment on regular trains by 50%. Men in uniform, other than on troop movements, now comprise about one-third of the passengers on a regular train.

"If the number of these travelers in uniform remained constant, a 50% reduction in sleeping car capacity on regular trains would mean that only one out of four of the civilians now using this equipment could do so in the future. But the number of travelers in uniform will be greatly increased.

"In addition, war material moving to the Pacific will be more than twice as much as heretofore. This tremendous increase must move over Western railroads, which are already loaded to capacity.

"Thus the various transportation restrictions will not only be retained but undoubtedly increased. Those asking for relaxation of the restrictions are asking for the impossible.

"The situation requires the cooperation and self-denial of all users of transportation. The speed with which our men and munitions can be carried to within striking distance of Japan will largely determine how long the war must continue. I know that every American wants to add his effort to that of the millions of transportation workers on whom this grave responsibility rests.

"Remember, the returning soldier is here for a few days on his way from one conflict to another."

According to advices to the New York "Herald Tribune" from its Washington bureau June 7, President Truman addressed the following letter to J. Monroe Johnson, Director of the Office of Defense Transportation:

"Dear Colonel Johnson:

"The transportation facilities of the nation are now called upon for the most gigantic task in all the history of transportation. The American armies must be moved from the victorious battlefields of Europe to meet and wipe out the tyranny of the east. In order to do this job most of our soldiers will be transported the full length of the American Continent.

"It required every transportation ingenuity to assemble our armies in Europe over a period of four years. This time the job is to be done in ten months. The contemplation of this task would overtax our faith if we had not found during the course of this war that the impossible has become our daily job.

"I am asking you to extend my congratulations to all of our transportation agencies—and their millions of workers—on the results they have accomplished. At the same time express my confidence in them for the greater effort that lies ahead.

"Sincerely yours,

"HARRY S. TRUMAN."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
June 12	122.93	115.63	120.84	119.20	115.63	107.62	112.56	115.24	119.41
11	122.93	115.63	120.84	119.00	115.63	107.62	112.56	115.24	119.41
9	122.83	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
8	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
7	122.81	115.63	120.84	119.00	115.63	107.62	112.56	115.04	119.41
6	122.67	115.63	120.84	119.00	115.43	107.62	112.37	115.04	119.41
5	122.45	115.43	120.63	119.00	115.63	107.44	112.37	115.04	119.20
4	122.36	115.43	120.63	119.00	115.63	107.44	112.37	115.04	119.20
2	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
18	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
23	122.19	115.04	121.04	118.60	114.85	106.21	111.44	114.27	119.41
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	122.83	115.63	121.04	119.20	115.63	107.62	112.56	115.24	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago June 12, 1944	119.88	112.00	118.40	116.61	111.81	102.46	105.86	113.70	117.20
2 Years Ago June 12, 1943	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
June 12	1.60	2.87	2.61	2.69	2.87	3.30	3.03	2.89	2.68
11	1.60	2.87	2.61	2.70	2.87	3.30	3.03	2.89	2.68
9	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
8	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
7	1.60	2.87	2.61	2.70	2.87	3.30	3.03	2.90	2.68
6	1.61	2.87	2.61	2.70	2.88	3.30	3.04	2.90	2.68
5	1.63	2.88	2.62	2.70	2.87	3.31	3.04	2.90	2.69
4	1.63	2.88	2.62	2.70	2.87	3.31	3.04	2.90	2.69
2	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 25	1.64	2.88	.62	2.71	2.88	3.31	3.05	2.91	2.69
18	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
23	1.65	2.90	2.60	2.72	2.91	3.38	3.09	2.94	2.68
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.60	2.87	2.60	2.69	2.87	3.30	3.03	2.89	2.67
1 Year Ago June 12, 1944	1.82	3.06	2.73	2.82	3.07	3.60	3.40	2.97	2.79
2 Years Ago June 12, 1943	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

National Fertilizer Association Commodity Price Index Continues Advance

The weekly wholesale commodity price index compiled by the National Fertilizer Association and made public on June 11 advanced for the fourth consecutive week to 141.6, reaching a new high point in the week ended June 9, 1945, from 141.4 in the preceding week. A month ago the index stood at 140.2 and a year ago at 137.0, based on the 1935-1939 average as 100. The Association's report added:

The foods group led the advance with higher prices for potatoes, eggs, and flour. Other groups in the composite index to advance were textiles, metals, and chemicals and drugs. The farm products group declined slightly with lower quotations for livestock and grains more than offsetting the higher prices for cotton. The remaining groups of the index were unchanged.

During the week eight price series in the index advanced and six declined; in the preceding week there were eleven advances and two declines; in the second preceding week there were eight advances and three declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week June 9, 1945	Preceding Week June 2, 1945	Month Ago May 12, 1945	Year Ago June 10, 1944
25.3	Food	143.9	142.7	141.5	138.2
	Fats and Oils	145.2	144.9	145.3	144.9
	Cottonseed Oil	163.1	162.0	163.1	163.1
23.0	Farm Products	167.2	167.4	166.4	154.9
	Cotton	216.2	215.8	213.1	202.3
	Grains	164.7	164.8	163.3	164.6
	Livestock	160.2	160.6	159.7	143.7
17.3	Fuels	132.0	132.0	130.4	130.1
10.8	Miscellaneous Commodities	133.7	133.7	133.7	132.2
8.2	Textiles	157.3	157.2	156.8	152.5
7.1	Metals	108.9	108.0	104.7	104.4
6.1	Building Materials	155.4	155.4	154.4	153.4
1.3	Chemicals and Drugs	125.9	125.4	125.4	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.4
100.0	All groups combined	141.6	141.4	140.2	137.0

*Indexes on 1926-1928 base were: June 9, 1945, 110.3; June 2,1945, 110.2, and June 10, 1944, 106.7.

Trading on New York Exchanges

The Securities and Exchange Commission made public on June 6 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended May 19, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 19 (in round-lot transactions) totaled 2,204,769 shares, which amount was 15.02% of the total transactions on the Exchange of 7,338,780 shares. This compares with member trading during the week ended May 12 of 2,927,737 shares, or 16.34% of the total trading of 8,955,630 shares. On the New York Curb Exchange, member trading during the week ended May 19 amounted to 645,800 shares or 18.33% of the total volume on that exchange of 1,761,965 shares. During the May 12 week trading for the account of Curb members of 633,680 shares was 16.30% of the total trading of 1,943,690.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 19, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	208,660	
‡Other sales	7,130,120	
Total sales	7,338,780	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	614,090	
Short sales	107,050	
‡Other sales	493,990	
Total sales	601,040	8.28
2. Other transactions initiated on the floor—		
Total purchases	249,720	
Short sales	28,490	
‡Other sales	239,040	
Total sales	267,530	3.52
3. Other transactions initiated off the floor—		
Total purchases	192,356	
Short sales	19,440	
‡Other sales	260,593	
Total sales	280,033	3.22
4. Total—		
Total purchases	1,056,166	
Short sales	154,980	
‡Other sales	993,623	
Total sales	1,148,603	15.02

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 19, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	25,335	
‡Other sales	1,736,630	
Total sales	1,761,965	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	154,595	
Short sales	8,635	
‡Other sales	171,535	
Total sales	180,170	9.50
2. Other transactions initiated on the floor—		
Total purchases	48,350	
Short sales	2,400	
‡Other sales	34,930	
Total sales	37,330	2.43
3. Other transactions initiated off the floor—		
Total purchases	55,870	
Short sales	8,600	
‡Other sales	160,885	
Total sales	169,485	6.40
4. Total—		
Total purchases	258,815	
Short sales	19,635	
‡Other sales	367,350	
Total sales	386,985	18.33
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	83,107	
Total purchases	83,107	
Total sales	69,356	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Senator Johnson Opposes Repeal of Act Barring Loans to Foreign Govts. in Default

In opposing before the Senate Finance Committee on June 7 the repeal of the act bearing his name, Senate Hiram Johnson of California stated that its repeal would amount to canceling debts of the first World War and leave American citizen investors "holding the bag" on loans of the second World War. Reporting this, Associated Press accounts from Washington on June 7, added:

"The Committee is considering repeal legislation for the act which bars private investment in securities of foreign Governments in default on debts to the United States Government.

"Mr. Johnson said that President Roosevelt in a 1932 address termed as 'utterly and entirely unsound' the idea of encouraging a policy of opening foreign markets through American loans. He added:

"But that is exactly what the Administration proposes to do now in the Bretton Woods set-up, the Export-Import Bank and in the repeal of the Johnson Act."

All "financial and political risks involved" in making European rehabilitation loans should be assumed by the Government, Mr. Johnson stated. A similar position was taken by another witness, John T. Flynn, writer on economics.

"Both explained the Johnson Act has no prohibitions against direct Government loans to foreign nations. The statement of Senator Johnson, though he was present at the hearing, was read for him by an aide, Halford Davis. Mr. Johnson's statement continued:

"It is my sole purpose to impress upon this Congress the dangers involved in repealing the so-called Johnson Act. If you repeal it you are implying by your action to the people of the United States that any European security purchased by them as an investment is sound and secure.

"You are, to all intents and purposes, acknowledging that the defaulted obligations of foreign countries are null and void and that the United States has no further intention of pressing its claims.

"You are shifting the political and economic responsibility of these loans from the United States to the individual American citizen who can least afford financial distress when default of payments come again."

Cotton Exch. Memberships

The value of N. Y. Cotton Exchange memberships continue to increase, according to an announcement by Ferd P. Lordan, Assistant to the President of the New York Cotton Exchange. The last two sales were at $6,750 and $7,000, up to $1,000 over previous sales. Prevailing offered price is $8,500.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 6 a summary for the week ended May 26 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE
Week Ended May 26, 1945

	Total For Week
Odd-lot Sales by Dealers (Customers' purchases)	
Number of orders	26,199
Number of shares	762,070
Dollar value	$34,129,655
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sale	201
*Customers' other sales	24,712
Customers' total sales	24,913
Number of Shares:	
Customers' short sales	7,141
*Customers' other sales	674,970
Customers' total sales	682,111
Dollar value	$25,576,002
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	200
†Other sales	154,830
Total sales	155,030
Round-Lot Purchases by Dealers:	
Number of shares	236,150

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Moody's Daily Commodity Index

Tuesday, June 5, 1945	257.3
Wednesday, June 6	257.4
Thursday, June 7	257.5
Friday, June 8	257.5
Saturday, June 9	257.6
Monday, June 11	257.5
Tuesday, June 12	258.0
Two weeks ago, May 29	257.3
Month ago, May 12	257.1
Year ago, June 12, 1944	249.6
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, June 12	258.0
Low, Jan. 24	252.1

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended June 2, 1945 (which included the Memorial Day holiday) is estimated by the Bureau of Mines at 11,170,000 net tons, a decrease of 655,000 tons, or 5.5%, from the preceding week, according to the United States Department of the Interior. Output in the corresponding week of 1944 was 11,652,000 tons. The total production of soft coal from Jan. 1 to June 2, 1945, is estimated at 250,150,000 net tons, a decrease of 7.8% when compared with the 271,366,000 tons produced during the period from Jan. 1 to June 2, 1944.

Production of Pennsylvania anthracite for the week ended June 2, 1945, as estimated by the Bureau of Mines, was 1,119,000 tons, a decrease of 120,000 tons (9.7%) from the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 85,000 tons, or 7.1%. The calendar year to date shows a decrease of 23.0% when compared with the corresponding period of 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended June 2, 1945, showed a decrease of 4,500 tons when compared with the output for the week ended May 26, 1945; and was 2,500 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	June 2, 1945	*May 26, 1945	June 3, 1944	†June 2, 1945	June 3, 1944
Total, including mine fuel	11,170,000	11,825,000	11,652,000	250,150,000	271,366,000
Daily average	‡2,031,000	1,971,000	2,044,000	1,920,000	2,056,000

*Revised. †Subject to current adjustment. ‡May 30, Memorial Day, weighted as 0.5 of a working day.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡June 2, 1945	§May 26, 1945	June 3, 1944	June 2, 1945	June 3, 1944	June 5, 1937
*Total incl. coll. fuel	1,119,000	1,239,000	1,204,000	21,699,000	28,157,000	24,810,000
†Commercial produc.	1,074,000	1,189,000	1,156,000	20,829,000	27,040,000	23,570,000
Beehive coke—						
United States total	126,300	130,800	128,800	2,508,500	3,276,900	1,606,400

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	May 26, 1945	May 19, 1945	May 27, 1944
Alabama	418,000	412,000	382,000
Alaska	7,000	7,000	6,000
Arkansas and Oklahoma	102,000	83,000	86,000
Colorado	106,000	114,000	121,000
Georgia and North Carolina	*	1,000	*
Illinois	1,453,000	1,400,000	1,498,000
Indiana	532,000	537,000	515,000
Iowa	45,000	42,000	28,000
Kansas and Missouri	133,000	128,000	160,000
Kentucky—Eastern	998,000	978,000	1,000,000
Kentucky—Western	374,000	380,000	392,000
Maryland	37,000	34,000	41,000
Michigan	2,000	3,000	4,000
Montana (bitum. & lignite)	92,000	80,000	74,000
New Mexico	25,000	26,000	34,000
North & South Dakota (lignite)	37,000	34,000	29,000
Ohio	761,000	730,000	697,000
Pennsylvania (bituminous)	2,904,000	2,712,000	3,009,000
Tennessee	140,000	134,000	149,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	120,000	124,000	131,000
Virginia	370,000	333,000	405,000
Washington	19,000	24,000	31,000
†West Virginia—Southern	2,108,000	2,016,000	2,266,000
‡West Virginia—Northern	853,000	848,000	1,049,000
Wyoming	188,000	178,000	177,000
§Other Western States	*	1,000	*
Total bituminous & lignite	11,825,000	11,360,000	12,286,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Civil Engineering Construction $42,985,000 For Week

Civil engineering construction volume in continental United States totals $42,985,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 0.1% higher than in the corresponding 1944 week, is above the $21,404,000 for the holiday-shortened preceding week, and is 34% greater than the previous four-week moving average as reported to "Engineering News-Record." The report, made public on June 7, went on to say.

Public construction for the week is 6% higher than in the 1944 week as a result of the 25% climb in state and municipal work. Federal construction is 1% lower than a year ago, and private work is 11% below the week last year.

The current week's construction brings 1945 volume to $728,526,000 for the 23 weeks, 9% under the $800,156,000 for the period in 1944. Private construction, $204,520,000, is 10% higher than a year ago, but public construction, $524,006,000, is down 15% due to the 20% drop in federal work. State and municipal construction, $104,506,000, is 18% above last year.

Civil engineering construction volumes for the 1944 week, the short preceding week, and the current week are:

	June 8, 1944 (five days)	May 31, 1945 (four days)	June 7, 1945 (five days)
Total U. S. Construction	$42,923,000	$21,404,000	$42,985,000
Private Construction	14,961,000	5,260,000	13,379,000
Public Construction	27,962,000	16,144,000	29,606,000
State & Municipal	7,256,000	4,300,000	9,095,000
Federal	20,706,000	11,844,000	20,511,000

In the classified construction groups, gains over the 1944 week are in sewerage, industrial buildings, earthwork and drainage, streets and roads, and unclassified construction. Compared with the holiday-shortened preceding week all classes of work except bridges report higher volumes for the current week. Subtotals for the week in each class of construction are: waterworks, $30,000; sewerage, $832,000; bridges, $266,000; industrial buildings, $7,150,000; commercial building and large-scale private housing, $1,006,000; public buildings, $10,428,000; earthwork and drainage, $993,000; streets and roads, $7,960,000; and unclassified construction, $14,047,000.

New capital for construction purposes for the week totals $3,126,000. It is made up of $2,476,000 in state and municipal bond sales, and $650,000 in corporate security issues. New construction financing for the year to date, $514,836,000, tops the volume reported for the 23-week 1944 period by 20%.

Wholesale Prices Up 0.2% for Week Ended June 2

Higher ceiling prices for steel mill products, increases in prices of bituminous coal and advancing markets for a wide range of agricultural commodities raised the Bureau of Labor Statistics index of commodity prices at the primary market level 0.2% for the week ended June 2, according to the United States Department of Labor, which on June 7 stated that the index, at 106.1% of the 1926 level, reached a new peak for this war. Since the first week in May the index has advanced 0.4% to a point 2.1% higher than at this time last year. The advices add:

"**Farm Products and Foods**—Average prices for farm products rose 0.2% during the week largely as the result of higher market quotations for steers and sheep. Among the grains, higher prices for rye and wheat were offset by lower quotations for barley and corn. Raw cotton increased 0.5% to the highest level in two decades. Higher prices were reported for apples and lemons, particularly in eastern markets, and for onions. Quotations for white potatoes and sweet potatoes were lower. Prices for hay were higher. In the past four weeks average prices for farm products have advanced 0.8% and were 5.6% higher than for the corresponding week of last year.

"The general level of prices for foods in primary markets rose 0.1% during the week as the result of increases for fresh fruits and vegetables and higher prices for cereal products. Since the first week in May average prices for foods have advanced 0.9% to a level 2.2% above a year ago.

"**Other Commodities** — Upward adjustments in OPA ceiling prices for a wide range of carbon steel products and steel mill manufactures increased the metals and metal products index by 0.4%. For a number of these products, this represents the first price increase since the introduction of price control in 1941. Continued upward adjustment of bituminous coal prices and higher ceilings for beehive coke raised the fuel and lighting materials index 0.1%. Higher quotations for butyl acetate and wire nails caused a rise of 0.1% in the building materials index. An increase of slightly less than 3% for cotton blankets was not large enough to affect the housefurnishings goods group index."

The Labor Department included the following notation in its advices:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for May 5, 1945 and June 3, 1944, and (2) the percentage changes in subgroup indexes from May 26, 1945 to June 2, 1945.

WHOLSALE PRICES FOR WEEK ENDED JUNE 2, 1945
(1926=100)

						Percentage change to June 2, 1945 from—		
Commodity Groups—	6-2 1945	5-26 1945	5-19 1945	5-5 1945	6-3 1944	5-26 1945	5-5 1945	6-3 1944
All commodities	106.1	105.9	105.8	105.7	103.9	+0.2	+0.4	+2.1
Farm products	130.8	130.5	129.5	129.8	123.9	+0.2	+0.8	+5.6
Foods	107.5	107.4	106.8	106.5	105.2	+0.1	+0.9	+2.2
Hides and leather products	118.3	118.3	118.3	118.3	117.7	0	0	+0.5
Textile products	99.1	99.1	99.1	99.1	97.3	0	0	+1.8
Fuel and lighting materials	84.7	84.6	84.6	84.0	83.7	+0.1	+0.8	+1.2
Metals and metal products	104.8	104.4	104.3	104.3	103.8	+0.4	+0.5	+1.0
Building materials	117.3	117.2	117.2	117.0	115.7	+0.1	+0.3	+1.4
Chemicals and allied products	94.9	94.9	94.9	94.9	95.5	0	0	—0.6
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+1.4
Raw materials	118.9	118.5	117.9	117.8	113.8	+0.3	+0.9	+4.5
Semimanufactured articles	95.3	94.8	94.8	94.8	93.6	+0.5	+0.5	+1.8
Manufactured products	102.1	102.1	102.1	102.0	101.1	0	+0.1	+1.0
All commodities other than farm products	100.6	100.5	100.5	100.4	99.6	+0.1	+0.2	+1.0
All commodities other than farm products and foods	99.8	99.7	99.7	99.5	98.7	+0.1	+0.3	+1.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
MAY 26, 1945 TO JUNE 2, 1945

Increases

Iron and steel	0.9	Livestock and poultry	0.3
Fruits and vegetables	0.7	Coke	0.2
Bituminous coal	0.5	Cereal products	0.1
Other farm products	0.4	Furnishings	0.1
Other building materials	0.1		

Decrease

Grain	0.3

U. S. Using Military Currency in Invasion Of Okinawa and Ryukyu Group

The Treasury, War and Navy Departments issued on June 8 a joint statement announcing that "United States Army and Navy forces are using a supplemental military currency denominated in yen in the invasion of Okinawa and other islands of the Ryukyu group." The announcement further says:

"This military yen currency has been issued in seven denominations, namely, 10 and 50 sen and 1, 5, 10, 20 and 100 yen. There are 100 sen to the yen. The notes in denominations of 10 sen, 50 sen, and 1 yen are one-half the size of the U. E. dollar currency. The 5 yen and 10 yen denominations are somewhat larger than the sen notes, and 20 yen and 100 yen notes are the size of the U. S. dollar note.

"The notes bear on their face the words "Military Currency" in English and in Japanese and on the reverse side the legend "Issued Pursuant to Military Proclamation" in both languaages.

"Military yen will supplement the local currency; not replace it. This supplemental military yen, other legal tender local currency and notes of the Bank of Taiwan and of the Bank of Chosen are interchangeable within the area without distinction at one for one. However, Japanese military yen scrip is not, of course, accepted by U. S. forces. Supplemental military yen currency notes were produced in the United States for the military commander who, in the areas occupied by the forces under his command, has all the powers necessary for carrying out governmental functions, including the right to establish and maintain an adequate and effective circulating medium. This is in accordance with International Law, the Hague Conventions and decisions of the Supreme Court of the United States.

"No general rate of exchange between the yen and the dollar has been established. For pay of troops and military accounting purposes, however, a provisional basis of 1 yen to 10 cents is being used. This provisional rate was determined in the light of prevailing conditions in the Ryukyu Islands and does not prejudice the determination of the rate for other Japanese areas yet to be invaded.

"Arrangements have been made whereby U. S. military and naval personnel may remit in dollars to the United States at the above rate all or any portion of their pay which they received in yen. U. S. soldiers and sailors leaving the area may exchange yen currency held by them for dollar currency. When U. S. forces use yen for military expenditures, the relevant Army and Navy appropriations will be charged for the dollar equivalent thereof. In this manner the control of the Congress over the expenditures of the U. S. forces is maintained."

Lumber Movement—Week Ended June 2, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 463 mills reporting to the National Lumber Trade Barometer were 7.0% above production for the week June 2, 1945. In the same week new orders of these mills were 5.3% less than production. Unfilled order files of the reporting mills amounted to 107% of stocks. For reporting softwood mills, unfilled orders are equivalent to 36 days' production at the current rate, and gross stocks are equivalent to 32 days' production. Compared to the average corresponding week of 1935-1939, production of reporting mills was 13.3% greater; shipments were 23.6% greater; orders were 9.6% greater.

Lumber shipments of the same number of mills reporting to the National Lumber Trade Barometer were 0.7% below production for the week May 26, 1945. In that same week new orders of these mills were 2.5% more than production. Unfilled order files of the reporting mills amounted to 110% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 32 days' production. Compared to the average corresponding week of 1935-1939, production of reporting mills was 13.4% greater; shipments were 14.9% greater; orders were 23.1% greater.

For the year to June 2, 1945, shipments of reporting identical mills exceeded production by 7.1%; orders by 10.7%.

Daily Average Crude Oil Production for Week Ended June 2, 1945 Was 8,050 Barrels Lower

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 2, 1945 was 4,858,715 barrels, a decrease of 8,050 barrels from the preceding week and 7,785 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of May, 1945. The current figure, however, exceeded the output in the week ended June 3, 1944 by 335,965 barrels per day. Daily production for the four weeks ended June 2, 1945, averged 4,863,265 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,804,000 barrels of crude oil daily and produced 15,317,000 barrels of gasoline; 1,423,000 barrels of kerosine; 4,857,000 barrels of distillate fuel, and 9,437,000 barrels of residual fuel oil during the week ended June 2, 1945; and had in storage at the end of that week 48,642,000 barrels of civilian grade gasoline; 40,054,000 barrels of military and other gasoline; 8,344,000 barrels of kerosine; 29,819,000 barrels of distillate fuel, and 39,022,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations May	*State Allowables Begin. May 1	Actual Production Week Ended June 2, 1945	Change from Previous Week	4 Weeks Ended June 2, 1945	Week Ended June 3, 1944
Oklahoma	367,500	367,500	†385,900	+ 200	385,550	331,200
Kansas	274,000	269,400	†258,800	—16,300	269,050	274,350
Nebraska	1,000	----	†900	----	900	1,000
Panhandle Texas			90,000	----	90,000	91,500
North Texas			153,900	----	153,900	148,150
West Texas			495,300	----	495,300	437,200
East Central Texas			138,200	----	138,200	140,500
East Texas			379,800	----	379,800	362,600
South Texas			355,650	----	355,650	309,550
Coastal Texas			563,300	----	563,300	523,550
Total Texas	2,170,000	‡2,170,717	2,176,150	----	2,176,150	2,013,050
North Louisiana			70,250	----	70,700	73,150
Coastal Louisiana			299,800	----	299,800	285,500
Total Louisiana	360,000	400,800	370,050	----	370,500	358,650
Arkansas	80,000	78,786	79,900	— 100	79,800	80,450
Mississippi	53,000		51,850	+ 2,050	51,450	41,800
Alabama	300		500	+ 50	450	100
Florida	----		15	----	15	50
Illinois	205,000		201,900	+ 5,950	197,500	210,350
Indiana	13,000		11,350	— 1,200	11,850	12,500
Eastern— (Not incl. Ill., Ind., Ky.)	67,200		64,250	+ 1,250	63,850	69,850
Kentucky	31,000		28,300	+ 600	27,400	22,100
Michigan	47,000		46,850	+ 250	47,400	50,500
Wyoming	112,000		107,000	— 400	107,200	82,850
Montana	23,000		20,300	----	20,600	21,300
Colorado	10,500		11,000	----	10,950	8,250
New Mexico	105,000	105,000	103,900	----	103,900	108,200
Total East of Calif	3,919,500		3,918,915	— 7,650	3,924,515	3,686,550
California	947,000	§947,000	939,800	— 400	938,750	836,200
Total United States	4,866,500		4,858,715	— 8,050	4,863,265	4,522,750

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for weeek ended 7:00 a.m. May 31, 1945.

‡This is the net basic allowable as of May 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 14 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JUNE 2, 1945

(Figures in thousands of barrels of 42 gallons each)

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
				Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis				
East Coast	99.5	781	98.7	1.755	6,346	6,116	5,404	8,360
Appalachian—								
District No. 1	76.8	108	74.0	338	358	211	1,731	1,288
District No. 2	81.2	55	110.0	198	103	126	199	1,305
Ind., Ill., Ky.	87.2	788	91.9	2,818	4,025	1,957	6,968	14,722
Okla., Kans., Mo.	78.3	384	81.9	1.474	1.691	1.200	2.285	7.091
Inland Texas	59.8	242	73.3	987	477	897	1,126	1,776
Texas Gulf Coast	89.3	1,031	83.3	3,721	5,766	5,413	8,711	4,842
Louisiana Gulf Coast	96.8	279	107.3	934	1,518	1,122	2,251	1,855
No. La. & Arkansas	55.9	83	65.9	225	911	198	644	1,759
Rocky Mountain—								
District No. 3	17.1	11	84.6	35	21	34	20	55
District No. 4	72.1	109	68.6	373	271	611	633	1,732
California	85.8	933	93.9	2,459	8,332	21,037	10,076	3,857
Total U. S. B. of M. basis June 2, 1945	85.6	4,804	88.4	15,317	29,819	39,022	*40,054	48,642
Total U. S. B. of M. basis May 26, 1945	85.6	4,950	91.1	15,194	29,184	38,548	40,856	48,265
U. S. Bur. of Mines basis June 3, 1944		4,639		13,521	32,640	51,037	38,381	48,420

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, napthas, blending stocks currently indeterminate as to ultimate use, and 10,908,000 barrels unfinished gasoline this week. compared withh 12,206,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,423,000 barrels of kerosine, 4,857,000 barrels of gas oil and distillate fuel oil and 9,437,000 barrels of residual fuel oil produced during the week ended June 2, 1945, which compares with 1,449,000 barrels, 4,667,000 barrels and 9,670,000 barrels, respectively, in the preceding week and 1,450,000 barrels, 5,018,000 barrels and 8,920,000 barrels, respectively, in the week ended June 3, 1944.

Note—Stocks of kerosine at June 2, 1945 amounted to 8,344,000 barrels, as against 8,246,000 barrels a week earlier and 8,274,000 barrels a year ago.

Non-Ferrous Metals—Copper Quiet Continues—Demand for Lead Good—Quicksilver Lower

"E. & M. J. Metal and Mineral Markets," in its issue of June 7, stated: "With additional cutbacks in war production expected soon, buying of copper and zinc remained inactive. Fabricators of copper are engaged in reducing their inventories, which tends to delay buying for civilian requirements. Definite word on the status of zinc allocation is expected next week, with the industry about divided on the chances of out-and-out repeal of the restrictions. The situation in lead remains unchanged. Tin restrictions were strengthened last week better to cope with reconversion. Russian manganese ore is being shipped to the United States. Quicksilver was dull and the price declined $3 per flask." The publication further went on to say in part:

Copper

Consumption of copper for civilian needs is slowly rising, but not at a rate to inspire fabricators to place much new business. Easing of controls so far has been limited chiefly to end products, which means that the copper industry continues to mark time until production of products containing copper expands appreciably.

Export demands for copper and copper products are known to be large, but exchange and other restrictions hamper a free flow of business. During the last week it was announced that FEA has granted permission to France to purchase 15,000 tons of copper in this market.

Lead

Demand for lead was in good volume and sales for the last week involved 8,998 tons. As in recent weeks, the sales tonnage would have been larger had producers been free sellers. Demand for lead from cable makers, the battery industry, and producers of tetraethyl remain substantial. The Tin-Lead-Zinc Division of WPB has asked consumers to file requests for foreign lead for July shipment not later than June 18.

Mine output of lead in April came to 33,850 tons, against 34,799 tons in March, the Bureau of Mines reports. The daily rate of production for April was 1,128 tons, against 1,123 tons in March.

Stocks of lead at United States smelters and refiners, in tons, according to the American Bureau of Metal Statistics:

	May 1	April 1
In ore, matte, and in process at smelter	67,251	70,791
In base bullion:		
Smelters and refineries	7,878	8,852
Transit to refineries	3,566	2,957
Process at refineries	15,129	15,710
Refined pig lead	26,428	24,576
Antimonial lead	6,806	6,333
Totals	127,058	129,219

Zinc

Except for some uneasiness in Army circles as to the adequacy of zinc supplies, allocation of the metal would probably be terminated at once, the industry believes. Stocks are increasing. The supply-requirements situation will be reviewed next week at a meeting of WPB officials and the Zinc Industry Advisory Committee. Demand for zinc during the last week was quiet.

Use of slab zinc during March totaled 91,286 tons, the highest monthly consumption on record, according to the Bureau of Mines. This compares with 79,676 tons in February and 86,228 tons in January. Galvanizers consumed 29,714 tons in March, against 27,446 tons in the preceding month. Brass mills took 35,897 tons in March, against 32,078 tons in February.

Domestic zinc producers again opposed granting the increased authority requested in the bill relating to the extension of the Reciprocal Trade Agreements Act. Zinc has already suffered a 20% tariff reduction through the Canadian agreement, Ernest V. Gent, Secretary of the American Zinc Institute, declared last week at Senate hearings on the measure, and a further 30% through the more recent Mexican agreement. Whether or not the Mexican concessions stand after the emergency, the threat to the zinc industry is serious and discouraging, he said. The new bill, as amended by the House authorizes a reduction in the tariff on slab zinc to 0.70c per pound.

Manganese Ore

Manganese ore is being shipped to this country from Russian sources. It is reported that at least three cargoes have been consigned to the Metals Reserve Co. in part payment for material sent to Russia some time ago. The ore is being stockpiled for allocation to consumers by the War Production Board.

Tin

Unless military requirements for tin decline, less metal will be available for civilian products in 1945 than in 1944, WPB stated last week. The short supply has resulted in an amendment to Order M-43, establishing the corresponding quarter of 1944 as the base period for allocating tin. The previous base period was 1940. In the event that metal is not available from the Far East within a year, restrictions may need further tightening, officials of the Tin-Lead-Zinc Division said.

The price of Straits quality tin for shipment, in cents per pound, was nominally as follows:

	June	July	August
May 31	52.000	52.000	52.000
June 1	52.000	52.000	52.000
June 2	52.000	52.000	52.000
June 4	52.000	52.000	52.000
June 5	52.000	52.000	52.000
June 6	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

The quiet that has prevailed in the market for quicksilver for the last four weeks has brought out further selling pressure. Quotations covering spot and prompt shipment metal last week ranged from $149 to $152 per flask, or $3 lower than in the preceding week. June shipment from the Pacific Coast was available at $148. Some domestic producers have stated that they will match Spanish prices on quantity business.

Spanish quicksilver was offered here on the basis of $147.50 per flask, duty paid, June shipment from abroad. Sellers of foreign metal also find the market to be extremely quiet and they are not disposed to force sales under present unsettled conditions.

Silver

The London silver market was quiet and unchanged at 25½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c.

Aluminum

Production of primary aluminum in March amounted to 106,200,000 pounds, the highest monthly total since August, 1944, the Aluminum and Magnesium Division, WPB, reports. Production in March was 16% higher than in the preceding month, was increased because of enlarged war requirements.

Recovery of aluminum from secondary sources during March established a new record for the second time in three months. The 67,600,000 pounds recovered was 9.4% higher than in February.

March shipments of aluminum products totaled 231,300,000 pounds, the second highest monthly total on record. Increases over February ranged from 4% for tubing to 32% for ingot, powder, and paste.

PRODUCTION OF CANADA'S LEADING MINERALS

(Dominion Bureau of Statistics)

	Month of Jan., 1945	Month of Feb., 1945	Month of Feb., 1944	First Two Months 1945	First Two Months 1944
Asbestos, tons	31,300	37,338	32,510	68,638	64,347
Copper, lb.	44,381,428	38,903,080	46,091,889	84,284,508	95,241,714
Feldspar, tons	1,159	1,848	2,871	3,007	4,511
Gold, fine oz.	233,210	212,351	256,803	445,561	514,596
Lead, lb.	25,623,743	24,578,012	29,753,989	50,201,755	62,464,822
Nickel, lb.	23,770,268	20,724,884	22,382,065	44,495,152	45,927,539
Silver, fine oz.	1,019,590	952,225	1,273,329	1,971,815	2,478,454
Zinc, lb.	49,506,177	44,520,588	44,735,515	94,026,765	92,245,379

Note—Statistics subject to revision.

17 War Agencies' Appropriations Cut

The House Appropriations Committee in sending the National War Agencies supply bill for the fiscal year starting July to the floor, recommended the easing and removal of domestic controls as soon as possible, the Associated Press reported from Washington, June 1, stating further that sharp cuts were made in budget estimates for the agencies.

Slashes averaged about 12% and ranged as high as 40%. Their original budgets had already been trimmed just a month ago by direction of President Truman. The committee cuts were in addition to those which the President had recommended.

For the first time in several years the committee refrained from singling out any of the agencies for sharp criticism, the Associated Press reported, although it was mildly critical of some operations. The Office of War Information, generally a target for committee fire, escaped criticism although it took a $7,000,000 cut in the $42,000,000 budget estimate of the President.

However, the committee withheld all funds for the Office of Price Administration, the Foreign Economic Administration and the Fair Employment Practices Committee, explaining that legislation dealing with the trio either is pending or is in the offing.

The FEA's allotment was held up pending receipt of budget estimates for lend-lease operations. Legislation extending the price-control act and the OPA and making permanent the FEPC has not cleared Congress.

The $769,764,850 total in the bill was $111,812,650 below budget estimates and $209,348,880 under current-year appropriations.

The War Shipping Administration, which operates the nation's expanding merchant fleet, was allotted $437,325,000 of the total, even though it was cut $48,270,000 below estimates.

The Office of Scientific Research and Development was given $70,000,000, a reduction of $7,500,000.

Other allotments included: War Production Board, $35,000,000; Office of Strategic Services, $20,000,000, a reduction of almost 50%; Office of Censorship, $13,000,000; Office of Inter-American Affairs, $14,000,000; Office of Defense Transportation, $7,000,000; National War Labor Board, $13,320,000; Selective Service System, $52,000,000; War Relocation Authority, $25,000,000; Alien Property Custodian, $2,500,000 (a limitation on administrative expenditures from funds already provided); Office of Economic Stabilization, $196,250; Smaller War Plants Corporation, $7,000,000 (a limitation of administrative expenses of previously appropriated funds); Petroleum Administration for War, $2,968,200; Office of War Mobilization and Reconversion, $43,955,400.

Revenue Freight Car Loadings During Week Ended June 2, 1945 Decreased 44,917 Cars

Loading of revenue freight for the week ended June 2, 1945 totaled 837,520 cars, the Association of American Railroads announced on June 7. This was an increase above the corresponding week of 1944 of 26,822 cars, or 3.3% and an increase above the same week in 1943 of 169,911 cars of 25.5%.

Loading of revenue freight for the week of June 2 decreased 44,917 cars, or 5.1% below the preceding week.

Miscellaneous freight loading totaled 383,840 cars, a decrease of 20,684 cars below the preceding week, but an increase of 22,367 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 100,818 cars, a decrease of 7,974 cars below the preceding week but an increase of 3,615 cars above the corresponding week in 1944.

Coal loading amounted to 160,811 cars, a decrease of 7,444 cars below the preceding week, and a decrease of 7,844 cars below the corresponding week in 1944.

Grain and grain products loading totaled 48,513 cars, a decrease of 5.051 cars below the preceding week, but an increase of 11,406 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of June 2 totaled 34,080 cars, a decrease of 3,189 cars below the preceding week but an increase of 10.098 cars above the corresponding week in 1944.

Livestock loading amounted to 12,850 cars, a decrease of 894 cars below the preceding week, but an increase of 195 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of June 2 totaled 9,726 cars, a decrease of 820 cars below the preceding week, but an increase of 510 cars above the corresponding week in 1944.

Forest products loading totaled 43,617 cars, a decrease of 938 cars below the preceding week but an increase of 4,246 cars above the corresponding week in 1944.

Ore loading amounted to 72,309 cars, a decrease of 1,349 cars below the preceding week and a decrease of 7,254 cars below the corresponding week in 1944.

Coke loading amounted to 14,762 cars, a decrease of 583 cars below the preceding week, but an increase of 91 cars above the corresponding week in 1944.

All districts reported increases compared with the corresponding week in 1944 except the Allegheny and Pocahontas. All reported increases compared with 1943.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
Week of June 2	837,520	810,698	667,609
Total	17,734,803	17,757,013	16,995,593

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 2, 1945. During the period 75 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED JUNE 2

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	256	219	229	1,450	1,331
Bangor & Aroostook	1,292	1,002	748	246	423
Boston & Maine	6,187	6,511	6,018	13,320	14,164
Chicago, Indianapolis & Louisville	1,060	1,140	1,180	2,039	2,179
Central Indiana	35	33	32	57	36
Central Vermont	940	902	983	2,010	2,098
Delaware & Hudson	4,845	4,301	2,854	11,386	12,052
Delaware, Lackawanna & Western	6,861	7,300	5,304	10,946	10,066
Detroit & Mackinac	243	278	290	103	122
Detroit, Toledo & Ironton	1,696	1,643	1,536	1,087	1,031
Detroit & Toledo Shore Line	393	264	258	2,629	2,603
Erie	11,924	12,822	10,300	17,107	17,335
Grand Trunk Western	3,631	3,307	3,492	8,120	8,231
Lehigh & Hudson River	173	166	153	2,619	3,022
Lehigh & New England	1,851	1,555	785	1,463	1,722
Lehigh Valley	7,807	8,381	5,596	12,126	16,259
Maine Central	2,303	1,982	2,069	2,573	2,742
Monongahela	6,198	6,274	1,492	270	325
Montour	2,458	2,451	536	36	11
New York Central Lines	48,491	45,356	43,540	52,043	55,125
N. Y., N. H. & Hartford	9,226	8,530	9,002	17,572	18,634
New York, Ontario & Western	968	1,257	1,026	3,785	2,955
New York, Chicago & St. Louis	6,276	6,055	7,114	16,089	16,490
N. Y., Susquehanna & Western	371	399	505	2,494	2,010
Pittsburgh & Lake Erie	7,416	7,555	6,208	9,531	8,866
Pere Marquette	4,695	4,168	4,989	8,374	7,273
Pittsburg & Shawmut	839	905	361	18	37
Pittsburg, Shawmut & North	277	279	224	256	238
Pittsburgh & West Virginia	1,037	1,265	461	3,198	2,495
Rutland	338	335	313	1,391	1,106
Wabash	5,690	4,568	3,980	12,100	12,423
Wheeling & Lake Erie	5,912	5,231	4,174	4,194	4,065
Total	151,699	146,434	125,752	220,632	227,469
Allegheny District—					
Akron, Canton & Youngstown	672	707	695	1,347	1,323
Baltimore & Ohio	44,027	44,669	28,455	28,585	28,352
Bessemer & Lake Erie	5,504	6,765	4,563	2,269	2,076
Buffalo Creek & Gauley	†	†	279	†	†
Cambria & Indiana	1,422	1,491	236	11	8
Central R. R. of New Jersey	6,441	6,643	5,191	19,599	19,884
Cornwall	428	442	602	50	50
Cumberland & Pennsylvania	145	163	55	10	11
Ligonier Valley	94	167	97	41	35
Long Island	1,621	1,371	1,004	4,549	4,389
Penn-Reading Seashore Lines	1,625	1,505	1,527	2,274	2,535
Pennsylvania System	84,999	83,805	65,269	63,209	66,721
Reading Co.	13,770	15,065	10,578	25,948	27,808
Union (Pittsburgh)	19,266	19,660	19,829	7,177	7,265
Western Maryland	3,599	4,121	2,244	12,286	13,136
Total	183,623	186,574	140,624	167,355	173,593
Pocahontas District—					
Chesapeake & Ohio	28,128	28,154	10,608	14,722	13,062
Norfolk & Western	21,066	22,279	8,331	7,604	7,443
Virginian	4,483	4,518	1,202	2,294	2,339
Total	53.677	54.951	20,141	24,620	22,844
Southern District—					
Alabama, Tennessee & Northern	465	332	280	306	396
Atl. & W. P.—W. R. R. of Ala	753	732	663	2,639	2,845
Atlanta, Birmingham & Coast	1,029	718	691	1,423	1,571
Atlantic Coast Line	12,262	12,019	13,437	9,774	9,861
Central of Georgia	3,712	3,734	3,745	4,703	5,501
Charleston & Western Carolina	411	387	539	1,547	1,902
Clinchfield	1,747	1,661	1,580	3,064	3,009
Columbus & Greenville	252	199	324	365	257
Durham & Southern	109	123	102	428	591
Florida East Coast	1,132	1,169	2,187	1,141	1,436
Gainesville Midland	42	59	38	120	149
Georgia	1,183	1,234	1,134	2,599	2,975
Georgia & Florida	393	433	377	691	546
Gulf, Mobile & Ohio	5,495	4,088	3,359	4,331	4,323
Illinois Central System	27,995	27,146	21,175	16,947	16,457
Louisville & Nashville	26,419	25,305	15,547	13,075	11,769
Macon, Dublin & Savannah	232	192	209	1,091	1,124
Mississippi Central	410	281	195	557	466
Nashville, Chattanooga & St. L.	3,675	2,963	2,992	4,662	4,616
Norfolk Southern	1,649	940	1,118	1,570	1,520
Piedmont Northern	440	422	383	1,335	1,118
Richmond, Fred. & Potomac	528	403	319	10,291	10,443
Seaboard Air Line	10,539	10,739	11,225	8,016	8,353
Southern System	24,671	23,227	19,607	25,835	24,250
Tennessee Central	556	680	501	694	768
Winston-Salem Southbound	166	150	113	1,238	976
Total	126,265	119,336	101,840	118,442	117,222
Northwestern District—					
Chicago & North Western	16,943	16,937	17,269	14,499	12,570
Chicago Great Western	2,074	2,276	2,149	3,569	3,198
Chicago, Milw., St. P. & Pac.	20,363	18,090	15,061	10,021	9,896
Chicago, St. Paul, Minn. & Omaha	2,987	2,966	2,595	3,826	3,438
Duluth, Missabe & Iron Range	24,688	29,309	24,449	304	229
Duluth, South Shore & Atlantic	847	754	892	723	562
Elgin, Joliet & Eastern	8,961	8,677	8,275	10,653	12,767
Ft. Dodge, Des Moines & South	319	369	380	108	94
Great Northern	21,064	21,212	23,130	9,273	6,873
Green Bay & Western	390	436	364	1,020	858
Lake Superior & Ishpeming	1,758	2,025	2,096	69	44
Minneapolis & St. Louis	1,911	1,936	1,288	2,621	2,513
Minn., St. Paul & S. S. M.	6,392	6,112	5,658	3,121	3,945
Northern Pacific	11,051	8,801	9,181	6,481	5,700
Spokane International	226	149	131	591	661
Spokane, Portland & Seattle	2,545	1,235	2,309	3,979	3,293
Total	122,519	121,284	115,227	70,858	66,641
Central Western District—					
Atch., Top. & Santa Fe System	26,986	23,110	21,358	16,744	12,086
Alton	3,634	3,031	2,335	4,688	3,511
Bingham & Garfield	446	504	554	85	83
Chicago, Burlington & Quincy	17,664	16,439	12,775	12,783	11,881
Chicago & Illinois Midland	2,820	3,413	668	875	1,035
Chicago, Rock Island & Pacific	12,003	10,451	10,454	13,103	11,681
Chicago & Eastern Illinois	2,696	2,097	1,692	5,059	6,720
Colorado & Southern	548	512	580	2,557	2,550
Denver & Rio Grande Western	2,892	3,488	1,661	7,006	6,028
Denver & Salt Lake	472	706	240	44	19
Fort Worth & Denver City	1,404	677	1,022	2,245	1,310
Illinois Terminal	1,911	1,593	1,324	2,230	1,878
Missouri-Illinois	1,178	1,073	683	582	457
Nevada Northern	1,404	1,660	1,997	105	117
North Western Pacific	700	761	1,048	609	654
Peoria & Pekin Union	12	7	1	0	0
Southern Pacific (Pacific)	31,253	27,512	29,190	14,762	13,046
Toledo, Peoria & Western	294	266	323	2,063	2,082
Union Pacific System	14,377	12,754	11,795	19,507	16,842
Utah	434	461	90	3	5
Western Pacific	2,231	2,061	1,814	5,413	4,126
Total	125,359	112,576	101,604	110,463	96,111
Southwestern District—					
Burlington-Rock Island	373	510	851	1,050	600
Gulf Coast Lines	7,214	5,700	5,169	2,439	2,355
International-Great Northern	2,918	2,532	2,290	4,040	3,999
Kansas, Oklahoma & Gulf	388	245	295	773	1,000
Kansas City Southern	4,749	6,404	5,010	3,334	2,596
Louisiana & Arkansas	3,826	3,736	3,332	3,512	2,866
Litchfield & Madison	298	330	259	1,439	1,097
Midland Valley	786	541	284	553	408
Missouri & Arkansas	179	179	181	398	396
Missouri-Kansas-Texas Lines	7,024	6,106	5,794	5,309	4,810
Missouri Pacific	16,079	15,031	12,259	19,552	19,471
Quanah Acme & Pacific	136	71	50	359	352
St. Louis-San Francisco	9,660	8,075	6,126	8,663	8,445
St. Louis Southwestern	3,619	3,151	2,850	7,429	7,348
Texas & New Orleans	11,225	12,356	13,303	5,631	4,877
Texas & Pacific	5,761	4,439	4,220	8,653	7,399
Wichita Falls & Southern	113	116	117	34	79
Weatherford M. W. & N. W.	30	21	31	36	30
Total	74,378	69,543	62,421	73,204	68,128

†Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
March 3	181,377	150,486	558,285	96	93
March 10	177,711	152,611	580,804	94	93
March 17	129,948	153,625	557,986	95	93
March 24	137,911	158,551	537,005	99	94
March 31	178,483	162,386	549,631	100	94
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95
April 28	142,387	158.854	546,311	99	95
May 5	223,162	161,764	605,892	97	95
May 12	152,208	153,111	602,717	94	95
May 19	126,285	158,532	565,867	97	95
May 26	129,327	157,794	532,257	97	95
June 2	168,204	153,359	546,211	93	95

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

FEPC Blocked Despite Truman Urging

In spite of President Truman's urging that the House be permitted to take action on the long-pending bill providing for a permanent Fair Employment Practice Commission, the legislation has again been pigeonholed through the efforts of Southern opponents of the measure, the Associated Press reported from Washington, June 6. The President asked the House Rules Committee to send the legislation to the floor in a letter to the Chairman, Representative Adolf J. Sabath (D., Ill.), in which he said, according to advices to the New York "Times" from Washington, on June 5:

"The principle and policy of fair employment practice should be established permanently as a part of our national law."

The Commission which the legislation would establish would have broader powers than the present Fair Employment Practice Committee, which it would succeed, the "Times" stated, and continued: The permanent measure has been held in the Committee since Feb. 20, despite efforts of proponents to to get it out. Meanwhile, Congress has failed to provide funds for the 1946 fiscal year for the present FEPC. President Roosevelt recommended $599,000 and President Truman urges this amount.

"Unless it (the bill for the permanent commission) is sent to the floor," President Truman wrote, "the members of the House will have no opportunity to vote upon it. The result will be that on July 1 next the principle of fair employment practices will have been abandoned by the House of Representatives."

"To abandon at this time the fundamental principle upon which the Fair Employment Practice Committee was established is unthinkable," the President asserted. "Even if the war were over, or nearly over, the question of fair employment practices during the reconversion period and thereafter would be of paramount importance.

"Discrimination in the matter of employment against properly qualified persons because of their race, creed, or color is ont only un-American in nature, but will lead eventually to industrial strife and unrest."

Failure of an appropriation for the present FEPC was deplored by Philip Murray, President of the Congress of Industrial Organization in a letter to Representative Clarence Cannon, Democrat, of Missouri, Chairman of the House Appropriations Committee. Unless the Committee is permitted to survive, he said, "racial tension will be engendered which will dissolve overnight the industrial democracy which has thus far been achieved." He described as "a legislative maneuver" the explanation that the appropriation had been delayed because of the pending permanent legislation.

The Committee is reported split six to six on the FEPC, and a motion to send the bill to the House floor requires a majority vote.

Sabath sought a vote after a lengthy session on the morning of the 6th, the Associated Press stated, but the Committee adjourned on motion of Representative Smith (D., Va.), one of the FEPC's most vigorous opponents. Smith and others sharing his view on the subject left the meeting.

The situation in the Senate is different. There a bill similar to the House measure was reported to the floor on May 24 and is expected to be taken up in mid-June.

Items About Banks, Trust Companies

A special meeting of the stockholders of the Manufacturers Trust Co. of New York will be held on Jan. 2 to take action on a proposed readjustment of capital recommended by the directors. Indicating that the replacement of outstanding convertible preferred stock with permanent common capital is obviously desirable, the advices addressed to the stockholders on June 11 by President Harvey D. Gibson says, in part:

"On Jan. 5, 1931, following the purchase of a substantial interest in the common stock of the trust company by a group of well known representative citizens, primarily of New York City, the present management took control of its administration and operation. At that time deposits were $197,950,000 and the trust company had about 300,000 customers. Capital funds were $51,115,000. As of May 31, 1945, deposits were over $2,000,000,000. Capital funds, as shown on the published statement of condition as of March 31, 1945, were $94,094,900.33, and the trust company now has approximately 722,000 customers.

"There are presently outstanding 385,485 shares of convertible preferred stock, having an aggregate redemption value of $19,274,250, being the unretired remainder of such stock, $25,000,000 of which was originally issued in 1935. At the time this convertible preferred stock was issued it was considered to be a temporary measure, and a sinking fund of $750,000 per annum was provided for its retirement. . . .

"In connection with the proposed retirement of the convertible preferred stock a careful study of the capital structure of the institution in relation to its growth, present position and the requirements of its customers has been made. As a result it has been decided at the present time to recommend to our stockholders an increase in our capital funds. by the issuance of 412,500 additional shares of common stock. This action, together with the transfer of $10,000,000 to undivided profits as above mentioned, will provide a sufficient sum to fully retire the convertible preferred stock and also add a reasonable net increase to capital funds. This leaves for later consideration any further increase of capital funds as may seem advisable in the light of conditions as they may be found to exist.

"To accomplish these purposes the board of directors has taken the following action:

"1. A special meeting of stockholders has been called for July 2, 1945, to take the necessary action to authorize the proposed readjustment of capital, including the issuance of 412,500 additional shares of common stock, so that upon consummation of the proposed readjustment the capital of the trust company will be $41,250,000, consisting of 2,062,500 shares of common capital stock of the par value of $20 per share.

"2. The close of business on June 22, 1945, has been fixed as the record date for the determination of preferred and common stockholders entitled to notice of and to vote at the meeting.

"3. The close of business on July 2, 1945, has been fixed as the record date for the determination of common stockholders entitled to subscribe to the additional shares of stock.

"If the proposed issuance of additional shares of common stock is authorized, it is contemplated that:

"(a) $10,000,000 will be transferred from valuation reserves to undivided profits;

"(b) Warrants will be mailed to common stockholders on or about July 5, 1945, evidencing their right to subscribe for one new share of common stock for each four shares of common stock held of record at the close of business on July 2, 1945, at a price to be determined by the board of directors and stated in the warrants;

"(c) An underwriting agreement will be entered into with a group of investment bankers providing for the purchase by them of all shares not subscribed for by common stockholders;

"(d) The entire outstanding convertible preferred stock of the trust company will be called for redemption on or about Aug. 1, 1945.

"The regular quarterly dividend on the convertible preferred stock of 50 cents per share has been declared payable July 15, 1945, to stockholders of record at the close of business on June 30, 1945, and checks for this dividend will be mailed. Upon such redemption the preferred stockholders accordingly will be entitled to receive a redemption price equal to $50 per share plus accrued dividends from July 15, 1945, to the redemption date.

"The regular quarterly dividend on the common stock of 50 cents per share has been declared payable July 2, 1945, to stockholders of record at the close of business on June 15, 1945, and checks will be mailed for such dividend.

"If the proposed changes in capitalization become effective, it is contemplated that the common stock of the trust company will be placed on a dividend basis of $2.40 per share per annum, as compared with the dividend of $2 per share per annum heretofore paid."

* * *

At the regular meeting of the board of directors of The National City Bank of New York, on June 5, Paul D. Millholland, formerly an Assistant Cashier, was appointed an Assistant Vice-President.

* * *

At the regular meetting of the board of directors of the City Bank Farmers Trust Co. of New York, held on June 5, Robert Winthrop, a general partner in the firm of Robert Winthrop & Co., was elected a director. Mr. Winthrop was previously a director of the trust company, having been elected to that office April 2, 1935, and from which he resigned June 10, 1942, to enter the armed forces as a lieutenant in the Navy, later becoming a lieutenant-commander. Mr. Winthrop is also a director of The National City Bank of New York and Green Bay & Western RR. Co.

The board of directors of City Bank Farmers Trust Co. of New York has appointed Harold J. Schondelmeier an Assistant Secretary.

* * *

Everette Lee De Golyer, geologist of Dallas, Tex., has been elected a director of Empire Trust Co., New York, according to an announcement by Henry C. Brunie, President. Mr. De Golyer is a partner in the firm of De Golyer & MacNaughton of Dallas, and a director of Transwestern Oil Corp., First National Bank of Dallas, Tex., and Louisiana Land & Exploration Co. Mr. DeGolyer is a graduate of the University of Oklahoma and an honorary Doctor of Science of Colorado School of Mines. He was formerly chief geologist of Mexican Eagle Oil Co. and Chairman of the board and general manager of Amerada Corp. He is a member of various American and international scientific and engineering societies, and a director of American Petroleum Institute. Mr. De Golyer was awarded the John Fritz medal in January, 1942, by the Institute of Mining and Metallurgical Engineers for his vision and leadership in developing and applying the arts of geophysical exploration to petroleum deposits.

* * *

A 20-mm. anti-aircraft gun which saw action 60 miles off the coast of Japan but subsequently became a war casualty has been placed on exhibit in the lobby of The Franklin Society for Home Building and Savings at 217 Broadway, New York. Twisted out of shape by the intense heat from the burning ship, it was rendered unfit for combat duty. It is still doing service, however, by encouraging the sale of war bonds at the bond counter in the lobby of The Franklin Society and may be seen by the public during regular banking hours.

* * *

Leo A. Bryson and Frank G. Nash were appointed Assistant Secretaries of the Brooklyn Trust Co. at a meeting of the executive committee of the board of trustees, held on June 7. Mr. Bryson, who has been employed by the company since 1929, has been on leave since October, 1940, while serving in the United States Army, Ordnance Department. He was a member of the Officers Reserve Corps prior to the war and was called to active duty early in the war emergency period, first as a captain and later as a major. He will resume his duties with the trust company upon his return to civilian life in the near future. Mr. Nash has been with the company since 1924. He was manager of the company's Schermerhorn office, Flatbush Avenue Extension and Lafayette Avenue, from November, 1930, until April 19, 1945, at which time he was appointed regional manager of the company's branch offices in the Bay Ridge region of Brooklyn.

* * *

William B. Hatfield, President of the Bay Ridge Savings & Loan Association, Brooklyn, N. Y., died on June 5 at the age of 79. Mr. Hatfield held his position for the past 25 years.

* * *

William T. Place, Trust Officer and Assistant Cashier of the National Mahaiwe Bank, Great Barrington, Mass., died on June 7. He was 48 years of age.

* * *

The election of Herman B. Lermer as a director of the Federal Trust Co. of Newark, N. J., was recently announced by the Newark "News," which also said:

"Mr. Lermer is President of the Celluplastic Corp. of Newark, now engaged in manufacturing plastic products essential to the war effort.

"He was a pioneer in plastics, establishing his company more than 25 years ago."

* * *

Carl Vernon Vogt, former President of the Morristown Trust Co., Morristown, N. J., died on June 3 at 66 years of age. Mr. Vogt, who was also connected with the law firm of King & Vogt, was President of the Morristown institution from 1938 to 1943, after which he became Chairman of the board.

* * *

The promotion of 14 executives of the Pennsylvania Company for Insurances on Lives and Granting Annuities was announced on June 11 by William F. Kurtz, President, following a meeting of the board of directors. The changes are effective immediately. In the banking department five Assistant Vice-Presidents were made Vice-Presidents. They are Samuel E. Brown, Charles B. Roberts 3d, Howard V. Milbourne, Harry C. Culshaw and William F. Kelly. Assistant Treasurer Alfred C. Graff was named Assistant Vice-President. In the trust department three trust officers named Vice-Presidents are A. W. Whittlesey, Frank E. Holland and Robert A. Wilson. Herbert J. Cousley was elevated from Trust Officer to Senior Trust Officer. Four Assistant Trust Officers, John W. Gordon, Walter H. Schaefer, Anthony J. McFadden and Harry D. Livingston, were made Trust Officers. All of the officers promoted today are veterans in the service of the Pennsylvania Company, their average length of duty slightly exceeding 22 years.

* * *

William C. Cummings, President of the Drovers National Bank of Chicago and the Drovers Trust & Savings Bank, died on June 7 at the age of 70. Mr. Cummings had been associated with the institution for 50 years and had held the position of President since 1915. He also was at one time President of the Chicago Clearing House and was Chairman of the Advisory Committee of the Chicago loan agency of the RFC at the time of his death.

* * *

According to the Board of Governors of the Federal Reserve System the Montgomery County Bank, Hillsboro, Ill., a State member, has converted into a National bank, effective June 1, under the title of Montgomery County National Bank.

* * *

The election of Paul H. Young as Vice-President of the Boatmen's National Bank of St. Louis, Mo., was announced by T. K. Smith, President of the institution. The St. Louis "Globe Democrat," in reporting this, said:

"Mr. Young will come into the bank to direct the organization of a consumer credit department. He was formerly President of the Reserve Discount Company, and members of that organization will be associated with him in the new department in the bank."

* * *

George W. Wilson, formerly Chairman of the board of the Mercantile-Commerce Bank & Trust Co. of St. Louis and one of the founders of the Mercantile Trust Co. of St. Louis, died on June 5. At the time of his death Mr. Wilson was a member of the board of directors of the Mercantile-Commerce Bank & Trust Co. and a member of that institution's executive and trust committees. He was also President of the Mercantile Liquidating Co., an organization formed at the time of the consolidation of the banks forming the Mercantile-Commerce Bank & Trust Co. in 1929. Treasurer of the Mercantile Trust Co. at its inception in 1899, he became Vice-President and then President of the bank in 1927. He served in that capacity until the merger two years later. Mr. Wilson was one of the founders of the St. Louis University School of Commerce and Finance of which he served as Dean until 1942. At the time of his death he was Dean Emeritus of the school. In 1943 the University awarded him an honorary degree of Doctor of Laws. He was a director of the Massachusetts Bonding & Insurance Co. and a Past President of the St. Louis Clearing House Association.

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of April 30, 1945, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $26,189,396,939, as against $25,899,060,223 on March 31, 1945, and $21,552,231,236 on April 30, 1944, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, total was $3,459,434,174.

British Policy Seen Unsolved Problem of Economic Stability

(Continued from first page)

the gold standard which they struggled so hard to re-establish in the 20's, and which they now blame for unemployment and distress.

"It is therefore quite natural that the British do not want to commit themselves on currency stabilization and removing exchange controls. Even the very mild commitments in the Bretton Woods Monetary Fund have aroused substantial opposition. As to trade policy they are wondering whether they will have to save their trade position by a whole series of special arrangements with the Empire countries and neighboring European countries. They have some already.

"There is thus a wide difference between our own and the British approach to these matters. The two countries interpret the Monetary Fund differently. We emphasize stability—the British emphasize the power to change the pound and continue exchange control; and Lord Keynes says it is the opposite of the gold standard. The words to which we both may assent mean different things to us. The reality of any agreement we may make in this field will depend on many other factors than the Bretton Woods plan alone.

"The British are our loyal and respected partners in the war. We want to and we will keep them as close partners in the peace. We want to give them real and effective aid in their present problems. Our partnership must be continuing with new understandings to meet new facts as we go along. The point to remember always is that the welfare of our two countries is bound together — and agreement between us is basic to world agreements. We do not know how Bretton Woods will work until this central question has been more fully resolved.

"So we may well say that the House Banking Committee has made a promising beginning towards resolving a very tough and complicated problem in which Bretton Woods is a single chapter. We may hope for further constructive progress in the Senate."

AIB in Dallas Elects Irving Hitt President

The Dallas "Times Herald" announced on May 27 that the Dallas Chapter of the American Institute of Banking has elected the following officers for the coming 1945-46 year: President, Irving Hitt, Cashier at Texas Bank and Trust Company; Vice-President, Arch T. Harris, Assistant Cashier at the Liberty State Bank; Secretary, Frances Fonville of the Federal Reserve Bank; Treasurer, W. Homer Cathey, Manager Bookkeeping Department at the Liberty State Bank.

Directors elected to serve for a term of three years are Leo T. Howell of the Federal Reserve Bank; Frank Wolfe, Mercantile National Bank, and Corda Johnston of the Federal Reserve Bank.

Pearl Harbor Court Martial Delay Approved by House

A resolution extending until six months after the war with Japan the limitation on courtsmartial proceedings in connection with the attack on Pearl Harbor has won House approval and been returned to the Senate for concurrence on a minor change, the United Press reported from Washington, June 1.